



Daily Report

China

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CONTENTS

15 November 1988

INTERNATIONAL AFFAIRS

General

NPC Ratifies UN Convention Against Torture	1
UN Body's Work for Palestine Refugees Praised	1
U.S. Not To Change Policy Toward PLO	1
Official Says Way Ready To Rejoin GATT	
<i>[CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 14 Nov]</i>	2
Zhao Ziyang Meets With World Bank Official	3
'Roundup' on European Reaction to U.S. Elections	3
Comparison of Spokesman on Cambodian Talks	4

United States & Canada

Bush Seeks To Calm World Financial Market	4
U.S. Treasury Rebuffs Rumors on Dollar Decline	4
Beijing Analyzes Bush Election Victory	5
Commentary on American Chinese in U.S. Politics	5

Soviet Union

XINHUA Reporters Visit Soviet Central Asia	6
Soviet Trade Delegation Visits Heilongjiang <i>[HEILONGJIANG RIBAO 28 Oct]</i>	7
Soviet Art Exhibition Opens in Beijing 14 Nov	7

Northeast Asia

Japanese Firm Banned From Exporting to China	7
Arrest Made in Assault of Japanese Businessman	7

Southeast Asia & Pacific

Premier Li Peng Ends Visit to Thailand	8
Li, Chatchai Meeting Viewed <i>[RENMIN RIBAO 12 Nov]</i>	8
Paper Views ASEAN Ties <i>[RENMIN RIBAO 14 Nov]</i>	8
Li Visits Petrochemical Complex	9
Li Views Cambodian Settlement	10
Taiwan Urged To Open Door Wider	10
Holds News Conference <i>[RENMIN RIBAO 14 Nov]</i>	10
Leaves Bangkok for Australia	11
Li's Thai Visit Viewed <i>[Hong Kong WEN WEI PO 15 Nov]</i>	11
Cambodia, Sino-Soviet Summit Viewed <i>[Hong Kong HSIN WAN PAO 14 Nov]</i>	13
Article on Thai Friendship <i>[RENMIN RIBAO 10 Nov]</i>	13
Li Peng Begins 6-Day Australia Visit	15
Arrives in Perth	15
Addresses Banquet	15

Near East & South Asia

'Arafat Praises Chinese Support for Palestinians	16
'News Analysis' of PNC Session	16
Indian Official Meets Friendship Delegation	17
Delegation Given Award	17

Sub-Saharan Africa

Comoran President Ahmed Abdallah Begins Visit	17
Interviewed Prior to Departure	17
Arrives in Beijing	18
Visits Great Wall, Palace Museum	18
Meets Yang Shangkun	18
Meets Yao Yilin	19
Honored at Banquet	19

NATIONAL AFFAIRS

Government To Freeze Value of Yuan for 2 Years [AFP]	20
Kuomintang Congress Opens in Beijing 12 Nov	20
To Elect New Leaders [CHINA DAILY 14 Nov]	20
CPC Central Committee Message	21
Opening Activities Reported	22
Peasant-Worker Democratic Party Congress Opens [RENMIN RIBAO 10 Nov]	23
CPC Central Committee Greeting	24
Lu Jiaxi Named Chairman	25
Other Leaders Elected	25
Zhou Gucheng Resigns	25
New Constitution Adopted	25
Zhao Instructs Prosecutors To Fight Corruption	26
Li Peng Issues Order on Foundation Management	26
Commentator Views Rectification 'Obstacles'	27
Article Views Future Reform Situation, 'Crisis' [SHIJIE JINGJI DAOBAO 24 Oct]	28
Separation of Party, Government Tasks Difficult [GUANGMING RIBAO 20 Oct]	31
Article Views History of Bureaucrat Profiteering [RENMIN RIBAO 7 Nov]	35
Law Studies Should Cover Hong Kong, Taiwan	39
Beijing Ceremony Honors Sun Yat-sen	39
Minority Cultures Given More Support [CHINA DAILY 11 Nov]	39
Books Commemorating Liu Shaoqi Published	40
State Bureau Chooses Cadres Through Examinations	40
Government Adopts Wildlife Protection Law	41
Penalties for Wildlife Killers	41
Commentator Urges Protection of Wild Animals [RENMIN RIBAO 10 Nov]	41
Hu Qili Attends Literature, Art Forum Closing	41
Li Tieying at Scientists Commendation Meeting	42
Song Ping, Jiang Zemin Inspect Shanghai	42
Latest Weaponry Slated for Display in Beijing [Hong Kong HONGKONG STANDARD 14 Nov]	43
Defense Exposition Previewed [Hong Kong SOUTH CHINA MORNING POST 15 Nov]	43
New Rockets, Satellite Scheduled for Launch [Hong Kong TA KUNG PAO 13 Nov]	44
PLA Air Force Aids Earthquake Disaster Areas	44

REGIONAL AFFAIRS

Central-South Region

Guangdong Meeting Ends, Sets Economic Tasks	45
Guangdong Government Cancels 46 Building Projects	45
[Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 10 Nov]	45
More Projects Halted [Hong Kong SOUTH CHINA MORNING POST 15 Nov]	46
Guangxi CPC Plenary Session Views Tasks	47
'Heroic Reconnaissance Company' Named in Guangxi [RENMIN RIBAO 9 Nov]	48
Hainan Earns Increased Foreign Trade in 1988	48
Hainan Commentary on Increase in Food Prices	49
Henan Governor Urges Plants To Hold Down Prices	50
Henan Commentary on Confidence in Rectification	50
Commentary Reviews Henan Drought Experiences	51
Hubei Secretary Attends Science, Technology Forum	51

North Region

Beijing Establishes Corruption Center, Hotline	52
Construction Projects Suspended in Beijing	52
Xing Chongzhi at Close of Hebei CPC Plenum [HEBEI RIBAO 29 Oct]	52
Li Ligong on Party Role in Shanxi Economic Work	53
Commentary Discusses Shanxi Regulation, Control	54
Tianjin's Li Ruihuan Cited on Social Order	54

Northwest Region

Gansu Secretary, Governor Inspect Hexi Region	55
Gansu Governor Stresses Importance of Grain	55
Qinghai Leaders View Current Economic Issues	56
Qinghai Leader Views Party-Building at Forum	56
Qinghai Opens Organizational Work Meeting	57
Grain Bureau Directors Outline Tasks in Qinghai	58
Shaanxi Secretary Stresses Enterprises' Role	58
Activities by Shaanxi's Zhang Boxing Highlighted	59
Discusses Propaganda Work	59
Hears Statistics Report	59

TAIWAN

Gun Smugglers Colluded With Mainland Officials [CHUNG KUO SHIH PAO 5 Nov]	60
Official Reveals Joint Warship-Building Plan	60
Commentary Views Bush as 'Genuine China Expert'	60
Lower Trade Surplus With U.S. Forecasted	61
Planning Minister on Trade Gap With U.S.	62
Comparison of 'Commentary' Views 'Bush Era'	62
New Government Information Office Head Appointed	62

HONG KONG & MACAO

Hong Kong

U.S. Consul General Cited on Post 1997 Future [XINHUA]	63
Government To Table UN Human Rights Report [SOUTH CHINA MORNING POST 12 Nov]	63
Legislators Criticize UK on SRV Refugee Quota [SOUTH CHINA MORNING POST 10 Nov]	64
Brain Drain Due to 'Lack of Strong Leadership' [SOUTH CHINA MORNING POST 10 Nov]	65
Spokesman Denies 'Doomsday Plan' for 1997 [SOUTH CHINA MORNING POST 15 Nov]	66
Mainland To Listen to UK Views on Basic Law [HONGKONG STANDARD 15 Nov]	67
Li Peng Affirms Positive Role of Enterprises [ZHONGGUO TONGXUN SHE]	68
Mainland's Ji Pengfei Meets Writers, Artists [XINHUA]	68
LIAOWANG Views Governor's Mainland Visit [OVERSEAS EDITION 14 Nov]	68
Speech Given in Fujian [ZHONGGUO XINWEN SHE]	70
Commentary Views Basic Law Issues, Symposium [ZHONGGUO XINWEN SHE]	71
Basic Law 'Roundtable' Ends With Consensus [SOUTH CHINA SUNDAY MORNING POST 13 Nov]	72
Shanghai Seeks Long-term Joint Cooperation [XINHUA]	73
Mainland Still 'Unhappy' Over Foreign Law Firms	73
Local Company Plans More Mainland Investment [XINHUA]	74
Firm To Invest in Guangdong Power Station [SOUTH CHINA MORNING POST 12 Nov]	74
Exports to Mainland Increase by 29 Percent [SOUTH CHINA MORNING POST (BUSINESS POST) 12 Nov]	75
Industrial Growth Slows in 2d Quarter [SOUTH CHINA MORNING POST (BUSINESS POST) 14 Nov]	75

Macao

Mainland China To Finance Bulk of New Airport [Hong Kong SOUTH CHINA MORNING POST 14 Nov]	76
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General

NPC Ratifies UN Convention Against Torture *OW1511025188 Beijing XINHUA in English* 0040 GMT 15 Nov 88

[Text] United Nations, November 14 (XINHUA)—China has ratified the International Convention against Torture and Other Cruel, Inhuman, or Degrading Treatment and Punishment, the United Nations was officially informed today.

The ratification was done on September 5, 1988, by the Standing Committee of the Chinese National People's Congress, which is the organ of the supreme state power in China, said Ms. Gao Yanping of the Chinese delegation at the Third Committee of the UN General Assembly.

The convention had been signed by the Chinese Government 2 years ago.

Gao Yanping said the ratification further demonstrates "the wish and determination of the Chinese Government to resolutely oppose torture and other inhuman treatment or punishment" and China's consistent policy to give humanitarian reform and re-education to criminals.

She quoted China's Constitution and Criminal Law to show that the Chinese Government resolutely opposes and prohibits torture, corporal punishment, coerced confession, physical punishment, and ill treatment and has taken legislative as well as judicial, administrative, and other measures to ensure that anyone guilty of torture and other inhuman treatment or punishment be held responsible and be duly sanctioned.

She noted, however, that "as a vast country with a large population, China still has much to do with regard to the prohibition of torture and other inhuman treatment or punishment."

UN Body's Work for Palestine Refugees Praised *OW1211005588 Beijing XINHUA in English* 1831 GMT 09 Nov 88

[Text] United Nations, November 9, (XINHUA)—China said here today the question of Palestine refugees can be solved only when the inalienable national rights of the Palestinian people are restored and a comprehensive and just settlement of the Middle East question is achieved.

Chinese Delegate Yu Shuning also urged the Israeli Government to go along with the trend of the times, change its position and give its consent to the convening of an international conference on the Middle East.

Yu Shuning made the statement this morning in the Special Political Committee of the U.N. General Assembly during its deliberations on the work of the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

He noted that under extremely harsh conditions, UNRWA has managed to continue its work while providing emergency assistance and relief to the refugees, including such benefits as increased food distribution, expanded medical service and easier access to shelters.

On the situation in the West Bank and Gaza, he stated that "unable to put up any longer with Israeli occupation," the Palestinian people have launched an all-around struggle for the restoration of their national rights.

However, the Israeli Government, in disregard of the norms of international law, has resorted to suppression, resulting in heavy Palestinian casualties.

Furthermore, he added, the Israeli authorities have refused to let UNRWA's relief material into the occupied territories. "More violations of the privileges and immunities of the agency have been recorded."

He called on the Israeli authorities to halt immediately their erroneous practices and provide the agency with all the facilities needed to carry out its duty.

The Chinese Government will continue to support UNRWA's work, and provide assistance to the best of its ability to the Palestinian people through bilateral channels, he said.

U.S. Not To Change Policy Toward PLO *OW1511025388 Beijing XINHUA in English* 0043 GMT 15 Nov 88

[Text] Washington, November 14 (XINHUA)—The United States said today that its policy toward the Palestine Liberation Organization (PLO) has not changed despite reports showing the organization might accept a United Nations resolution recognizing Israel's right to exist.

The PLO leaders reportedly accepted yesterday United Nations Security Council Resolution 242 implicitly recognizing Israel's right to exist and recommended that the Palestine National Council (PNC), which is meeting in Algiers, endorse the decision.

Commenting on the report, State Department spokeswoman Phyllis Oakley said that there are as yet "no final authoritative positions" coming out of the PNC meeting, and therefore "we will certainly wait until we have the final definitive statement" from the meeting before making any judgments.

Asked what the U.S. conditions are for dealing with the PLO, Oakley said, "Our position has not changed."

The United States has said it will not recognize or negotiate with the PLO unless and until the PLO recognizes Israel's right to exist, accepts Security Council Resolutions 242 and 338 and renounces the use of terrorism.

Resolution 242, adopted at the United Nations after the 1967 war, calls for the "withdrawal of Israeli Armed Forces from territories occupied in the recent conflict" and respect for the "sovereignty, territorial integrity, and political independence of every state in the area."

The other resolution, adopted during the 1973 Middle East war, calls on Israel and its Arab neighbors to carry out Resolution 242.

The PLO has been reportedly reluctant to accept Resolution 242 by itself because it appears to treat the Palestinian issue as a refugee problem and says nothing specific about a Palestinian state or homeland.

Official Says Way Ready To Rejoin GATT

HK1411025688 Beijing CHINA DAILY
(BUSINESS WEEKLY SUPPLEMENT)
in English 14 Nov 88 p 1

[By staff reporter Liu Hong]

[Text] China's new economic order is paving the way for the country to rejoin the General Agreement on Tariffs and Trade (GATT), an official from China's Ministry of Foreign Economic Relations and Trade (MOFERT) told Business Weekly.

China and GATT's working party on China's status as a contracting party have held four rounds of discussions about re-entry, said Li Zhongzhou, the MOFERT official in charge of the GATT Affairs Division.

During the discussions, the Chinese delegates answered about 2,000 questions on China's economic structure and trade system.

"The discussion has helped the GATT member countries better understand China's new market economy, Li said.

Li believes that the 10 years of reform in China's economic structure and trade system has paved the way for China's rejoining the 96-nation world trade body.

Reform has brought China's economic and trade system basically in line with the GATT system, Li remarked.

This has given China the status for re-entry to GATT, Li said.

Li highlighted five points as important reforms in China's trade system.

The first, he said, is the expanding of the market system.

China's former highly centralized economy has been the stumbling block to its re-entry, Li said.

Beginning this year, the scope of mandatory planning has been limited to 30 per cent on exports and 20 per cent on imports.

The monopoly on foreign trade by 13 to 14 national trade corporations has been removed and the country now has over a thousand enterprises undertaking foreign trade.

The second, he said, is the introduction of a responsibility system to the country's enterprises engaged in foreign trade.

The enterprises have been made responsible for their own profits and losses, and the state is to gradually reduce its economic assistance to them.

The third, he said, is the opening of foreign-exchange markets.

Enterprises engaged in foreign trade are given an increasing proportion of their foreign-exchange earnings and the restrictions on use of their foreign-exchange earnings have been removed. Thus all state-owned, collective and foreign-capital ventures now can find means for foreign-exchange transactions.

The fourth, he said, is the expanding legislative rather than administrative power as macro-controlling factor over the country's trade.

China is working hard on its foreign trade law, according to Li.

The fifth, he said, is the practice of reimbursing internal taxes on export products.

To ensure a perfect performance of China's duties as a contracting party of GATT in future, MOFERT has started organizing training classes to acquaint foreign trade personnel with GATT.

A training class has been scheduled this month in Guangzhou, Guangdong Province.

China formally asked to resume its membership of GATT in July 1986.

As a founder member of the world trade body in 1947, China's Kuomintang government quit two years later when New China was established.

China will send a 10-member delegation to the GATT ministerial meeting in Montreal, Canada, from December 5 to 8, Li said.

The meeting is a mid-term review on GATT's Uruguay Round of Multilateral Trade Negotiations started two years ago. The negotiations are designed to free the flow of trade in manufactured goods, agriculture, and in such service industries as banking, insurance and tourism.

China hopes for a smooth progress of the negotiations in order to rollback protectionism and promote trade liberalization in the world, Li said.

Success in Montreal will help provide a favourable international environment for China's endeavour to join in world economic exchange and develop its economy, Li added.

Zhao Ziyang Meets With World Bank Official
OW1111133988 Beijing XINHUA in English
1255 GMT 11 Nov 88

[Text] Beijing, November 11 (XINHUA)—Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, met here today with Stanley Fischer, vice-president of the World Bank and chief economist.

Fischer is a noted world macroscopic economist. This time he has been invited by Wang Bingqian, minister of finance, to visit China.

During the meeting, Zhao and Fischer conferred on China's macroscopic economic management.

On the cooperation between China and the World Bank, Zhao said that such cooperation is proceeding smoothly and good results have been scored from their cooperative items.

Fischer said that the World Bank attaches importance to its cooperation with China, adding that the Bank regarded its cooperation with China in the past seven years as an important part of its activities.

'Roundup' on European Reaction to U.S. Elections
OW1011101788 Beijing XINHUA in English
0935 GMT 10 Nov 88

[By Le Zude]

[Text] Brussels, November 9 (XINHUA)—Will American economic policies be altered in the U.S. President George Bush's administration and what impact will the new administration have on the world economy?

These are the hot topics for discussion among Western European countries following Bush's presidential election victory on November 8.

Bush is more "credible" and his presidential election victory is more "encouraging" than a Dukakis victory would have been to Western European countries because Bush has long been involved in U.S. diplomacy and Bush is "not in favor of protectionism."

Dukakis was dissatisfied with the increase of foreign capital in the United States. If Dukakis had won the presidential election, Western Europe feared he would strengthen protectionism and threaten foreign capital in the United States.

Belgian Prime Minister Wilfried Martens said relations between the United States and the European Community (EC) will see a smoother development because Bush has a deeper understanding of the problems of foreign policies than did Reagan.

Bush's victory came after a steady six-year economic expansion in the United States. Economic experts predict that an economic recession will not come before 1990 in the United States.

According to a recent conference board survey, American economic growth rates are estimated at 2.5 percent for 1989 and at 2.2 percent for 1990, with inflation rates at 4.4 percent and 4.5 percent respectively.

The continuity of American policies will be conducive to the delay of an economic recession, Western European countries believe. They want the new U.S. Administration to take new effective measures to eliminate the unsteady economic elements and to curb protectionist tendencies.

British Chancellor of the Exchequer Nigel Lawson has called on the new American president to resist trade protectionism, not put up barriers against imported goods and foreign capital and to cut the huge budget deficit in order to preserve confidence in the dollar. A lengthy period of exchange rate turbulence would make it very difficult for the world economy to function properly.

EC Commissioner in charge of foreign affairs Willy de Clercq urged the next U.S. Administration to "resist the temptation of protectionism," but if American fiscal and budget deficits increase, protectionism will look more attractive.

Western European countries have also called on the new U.S. president to make additional efforts to lighten the debt burden of the third world.

The U.S. is reportedly considering lightening the debt burden of the most poverty-stricken countries rather than giving them more aid. If the policy is approved by the American administration and Congress, it could lead to the writing-off of the national debts of sub-Saharan countries in Africa.

Western European countries and other countries do not feel very comfortable with the "over-heated" U.S. economy and high foreign debt, fiscal deficits and foreign trade deficits.

At present, the American economy is still "over-heated" with high employment, soaring consumption and bank deposits diminishing.

With shortages of domestic capital, the United States is hard pressed to reduce its deficits and foreign debts over the short run. Economic experts think the new U.S. president will have to consider taking retrenchment measures such as increased taxes and interest rates at home on the one hand, and protectionist measures like restrictions on foreign investment and imports on the other.

Western European opinion contends that the Democratic Party-dominated Congress is wary of "the European integrated market" which Western Europe is building and fears that American business will be discriminated against in Western Europe.

Bush has less control over the Congress than Reagan, so European speculation is that trade friction between the United States and Europe will be increased.

After Bush's presidential election victory, Western Europe is very concerned about whether the new U.S. president will be able to boost the world economy and trade by reducing budget and foreign trade deficits, avoiding economic recession and curbing protectionist tendencies.

Comparison of Spokesman on Cambodian Talks

Beijing RENMIN RIBAO in Chinese on 11 November carries on page 1 a 200-character XINHUA report entitled "PRC Foreign Ministry Spokesman on Cambodian Tripartite Talks." This version has been compared with the referent XINHUA English version published in the 10 October China DAILY REPORT, page 1, revealing the following variation:

First column, last paragraph, only sentence reads: ...an early date." [new paragraph]

It was already reported in the past that during the meeting of Samdech Norodom Sihanouk, Son Sann, prime minister of the Coalition Government of Democratic Kampuchea, and Hun Sen of the Phnom Penh regime, in France on 7 November, an agreement was reached on the establishment of a Tripartite Working Commission to discuss the question of national reconciliation in Cambodia and on hoping the Khmer Rouge will also take part in the work of the commission. [noting additional paragraph]

United States & Canada

Bush Seeks To Calm World Financial Market
OW1511091788 Beijing XINHUA in English
0815 GMT 15 Nov 88

[Text] Washington, November 14 (XINHUA)—U.S. President-elect George Bush tried today to calm world financial market worries about his difficulties in reducing the U.S. deficit.

Bush, vacationing in Gulf Stream, Florida, told reporters in an informal meeting, "I am convinced that the deficit remains a major problem and I will address myself to that early on in my presidency.... It is a matter of great urgency."

The president-elect said that he will continue the Reagan administration policy of coordinated intervention with U.S. economic allies in exchange markets when major currencies rise or fall too quickly.

Since Bush's election last Tuesday, the value of the dollar has fallen steadily against the Japanese yen and the West German mark in world financial markets. The Dow Jones Industrial Average plunged almost 80 points last week, including a 47-point drop last Friday.

Bush sought to minimize the adverse effect of the dollar's decline.

"Exchange market stability is the key.... Nobody is going to peg the dollar to any existing currency," he said.

Asked if he would favor lowering the dollar against foreign currencies as his sometime economic adviser Martin Feldstein has suggested, Bush said, "the policy in effect is the administration policy built around policy coordination and exchange market stability.... That's the policy of the administration."

Feldstein called for a 10 to 20 percent devaluation of the dollar over the next three years in an address to investors in Washington last week.

Earlier, Craig Fuller, co-chairman of Bush's transition team, said in a television interview that cutting the federal budget deficit would be "priority one" for the incoming administration. "I do think we've got to turn first to the deficit problem as soon as we undertake a new administration," Fuller said.

U.S. Treasury Rebuffs Rumors on Dollar Decline
OW1411212688 Beijing XINHUA in English
1936 GMT 14 Nov 88

[Text] Washington, November 14 (XINHUA)—The U.S. Treasury Secretary Nicholas Brady declared in a statement published today that "the administration remains committed to exchange market stability," rebuffing market rumors that the U.S. now favors further decline of the dollar.

Brady's comment came in the form of a statement issued by his office yesterday to THE WALL STREET JOURNAL in response to a question. "The key to that stability is the economic policy coordination process" among the seven major industrial countries, "including cooperation in exchange markets," Brady noted.

The Treasury secretary's statement followed a week of sharp decline in the value of the dollar, amid persistent speculation that the U.S. and its economic allies favored such a post-election drop.

The statement is particularly significant because Brady is not only the Reagan administration's top economic policy official but is likely to be nominated shortly to President-elect George Bush's Treasury secretary as well.

According to THE WALL STREET JOURNAL report, U.S. officials made it clear that Brady wanted markets to understand that the U.S. isn't seeking a lower dollar and that the U.S. remains committed, with group-seven nations, to the same exchange rate policies they first adopted jointly last December 22. Those policies call for stabilizing the dollar within a secret range of exchange rates.

The Treasury secretary's statement is his first public comment on the dollar since the November 8 presidential election, although U.S. policy makers in recent days stressed in background interviews that, despite speculation to the contrary in the currency market, the group-seven countries never had any plan to lower their target range for the dollar after the election.

The secret group-seven range for the dollar, which the governments define as a zone of "stability", is believed to be roughly 120 to 140 Japanese yen to the dollar and 1.60 to 1.90 West German marks to the dollar.

Many private economists contend that the U.S. dollar must go lower if improvements in the U.S. trade deficit are to continue.

Beijing Analyzes Bush Election Victory

*OW1511105588 Beijing in Mandarin
to Taiwan 0205 GMT 13 Nov 88*

[From the "Rambling Talk on Current Events" Program]

[Text] Listeners and friends, on 8 November, U.S. Republican candidate Bush defeated his Democratic opponent Dukakis and won the election as the 41st president of the United States by an overwhelming margin. Bush not only pocketed all the electoral votes of the Southern states in the presidential campaign but also won major victories in the Democrats' traditional bastions in the central and western United States, enabling him to make a clean sweep of more than 40 states. Bush's election has made the Republican Party the longest to govern in the presidential office of the United States over the past half century.

Why was Bush able to win the presidential election? Public opinion reveals the following reasons:

First, the current environment is favorable to Bush. The U.S. domestic economic situation is good. This is the ruling Republican Party's most important trump card. According to U.S. official releases, the U.S. unemployment figure dropped to 5.4 percent in September this year, the lowest in 14 years. The utilization capacity of U.S. enterprises in September reached 83.1 percent, the highest since 1980. Average annual inflation in the first 9 months of this year was 4.5 percent, only slightly higher than last year's 4.4 percent. The U.S. economy grew at an annual rate of 3.2 percent in the first half of this year. The Reagan government recently raised this year's forecast economic growth rate of 2.4 percent at the beginning of this year to 3 percent. This picture of a booming economy is a most important reason for Bush's popularity.

Second, the international situation is easing up. U.S.-Soviet relations are improving. Arms control talks are making progress. The Soviet Union has decided to withdraw from Afghanistan. All this has strengthened the Americans' sense of security and, to a great extent,

bespeaks the Reagan government's achievements, to which Bush has been a contributing factor. The mainstream U.S. ideological trend is still conservatism, particularly moderate conservatism as pursued by the Republican Party. At present, the U.S. public mainly wants stability and continuity of policies. For this reason, the main theme of peace and prosperity brought to the election by Bush, a leading exponent of moderate conservatism who has loyally served Reagan for 8 years, enjoyed considerable popularity because peace and prosperity are what the Americans are most concerned about and most yearn for.

Now let us review the election campaign from the perspective of the issues raised by both candidates during the election campaign. Although many of the issues raised by Dukakis, such as jobs, housing, education, drugs, and AIDS were also problems that have caused Americans to be dissatisfied with the Republican government and are indeed also weak spots of the Republican administration, generally these problems are not about to explode anytime soon. On the other hand, although some of the issues raised by Bush, such as crime, taxes, abortion, firearms control, prayer in schools, swearing loyalty to the state, and others, look unimportant to foreigners, they are nonetheless very sensitive issues to many Americans and many decide their vote by these issues.

Listeners and friends, many factors have contributed to Bush's victory. However, Bush still faces a series of difficult problems once he takes office. Behind the current booming economy lurks major factors of instability, such as the huge and undiminishing financial and trade deficits and the obviously declining U.S. position as world leader in total national strength. All this is bound to have an impact on the formulation and implementation of U.S. domestic and foreign policies. What policy readjustment will the Bush government make in order to meet these challenges? We can only wait and see.

After Bush was elected president, the Foreign Ministry of our country expressed warm congratulations. We hope that during his tenure in office Bush will further develop Sino-U.S. relations based on the principle of the three Sino-U.S. joint communiques.

Commentary on American Chinese in U.S. Politics
*HK1411151188 Beijing ZHONGGUO XINWEN SHE
in Chinese 1332 GMT 11 Nov 88*

[Commentary: "An Enhanced Sense of Political Participation Among Chinese as Viewed From the U.S. Presidential Election"—ZHONGGUO XINWEN SHE headline]

[Text] Washington, 10 Nov (ZHONGGUO XINWEN SHE)—Subsequent to the conclusion of the U.S. presidential election, many Chinese-language newspapers kept reporting on the votes cast by the Chinese, to sum up their experience in their participation in political affairs. The Chinese press media generally pointed out that the Chinese mentality about political participation has improved markedly.

In the recent elections, a president, a vice president, members of Congress, state senators, and judges at various levels were elected. The electoral results suggest that although there are not many new stars among the Chinese, their fervency for engaging in politics has drawn the attention of public opinion. New York State Senator Stavits commented that the "power of the Chinese is not to be underestimated."

The number of Chinese who voted this year set a new record. Three thousand Chinese voted at the seven polling stations in New York's China Town, a 50-percent increase over the 1984 electoral year. No Chinese in upper-class areas went to the polls in 1984, but 902 Chinese from these areas voted this year, accounting for 85 percent of the total number of Asians who took part in voting. For a time there was a long queue outside the Monterey Park polling station in Los Angeles.

Many Chinese have been unprecedentedly active in devoting effort and money to election campaigns. Of the \$2 million collected by Wu Hsien-piao for his campaign for a seat in Congress, \$1.5 million was donated by Chinese. Green, a member of the House of Representatives who is known as the "friend of the Chinese," was reelected to the House with the firm support of some Chinese. In this year's elections, there were propaganda cars, slogans, leaflets, and telephone hotlines in the Chinese community; there were also a large number of voluntary propagandists as well as campaign aides and groups, which enlivened this formerly cold and cheerless community.

Public opinion holds that the Chinese have acquired a better understanding of the significance of participating in political affairs through this year's election campaign. There used to be a saying in the Chinese community: "You can canvass, I'll make money—politics has nothing to do with me." As soon as the election campaign was over, many leaders from the Chinese community made speeches pointing out the importance of politics to their personal interests. Ying Hsing-chiu, chairman of the U.S. Overseas Chinese Chamber of Commerce, made the following remarks about Wu Hsien-piao's failure in the election: "Failure is the mother of success. His participation in the election will play a positive role in enlightening our descendants." Chen Chien-wen, formerly chairman of the Asian Equality Association, said that Chinese participation in political affairs is a basic guarantee for protecting their interests.

However, public opinion also noted that "there was still much room for improvement" in Chinese participation in this year's elections. In the first place, their mentality about participating in political affairs has yet to be enhanced. According to statistics, about 8,000 Chinese in New York's China Town are entitled to vote in elections, but only one third of them went to the polls. Quite a number of Chinese have not joined the mainstream of American society, and the concept of "politics has nothing to do with me" still finds support among them. Apart from this, a certain lack of unity among the Chinese constitutes

an unfavorable factor for them to step into American politics. Although Hsieh Kuo-hsiang won an overwhelming victory in his election in San Francisco, the 80,000 votes he received were mostly from whites. Many Chinese did not vote for him. A similar situation was responsible for the inadequate funding of Wu Hsien-piao's election campaign from the very beginning.

Soviet Union

XINHUA Reporters Visit Soviet Central Asia
OW0911063388 Beijing XINHUA Domestic Service
in Chinese 1542 GMT 6 Nov 88

[Newsletter by Sheng Shiliang and Wang Nanzhi]

[Excerpts] Beijing, 6 Nov (XINHUA)—When speaking of Central Asia, people will think of solemn mosques, noisy bazaars (Muslim fairs), gorgeous carpets, and vast deserts. In October, the authors visited the Kirgiz, Uzbek, Turkmen, and Kazakh SSR's [Soviet Socialist Republics]. Our deepest impression is that Central Asia is undergoing a reform.

It was midnight when we arrived at the airport in Frunze, the capital of the Kirgiz SSR. We rode in a taxi to a hotel 40 kilometers away. The state-run taxis usually charge 0.2 rubles per kilometer. The Uygur car owner told us: "Individual operators here do not cheat customers nor do they disgrace reform." He charged us only 5 rubles because we were Chinese visitors.

During our interview, Frunze Mayor Iskakov said: "Individual traders, craftsmen, and cooperatives began to emerge in this city only 1 and 1/2 years ago, but their output value this year will account for 1/10 of the total output value of the city's service trade. In the course of reform, the city government made a proposal on regional economic reform. The proposal calls for levying local taxes and collecting from central enterprises operating in the locality such fees as a land fee, a manpower fee, and a water resources fee, and using the revenues to fund urban construction instead of depending on central funding. The Soviet Government supports the proposal and has decided to experiment with it in Moscow and 5 other regions in 1990, and then implement it throughout the USSR in 1991.

On the day of our arrival in Tashkent, the capital of the Uzbek SSR, we visited the USSR's largest country fair, with more than 2,000 stalls, in the evening. Each stall is charged a daily management fee of 1 ruble regardless of its size and business volume. The management provides free scales for customers to ensure a fair deal. [passage omitted]

The agricultural lease and contract system in the Soviet Union began at Kazakhstan's Mamaiduohuo [name as received] Farm in 1983. Today 90.3 percent of Kazakh's agricultural organizations practice either a lease or contract system in varying forms and extents. The annual per capita meat consumption and milk consumption increased by 6 and 31 percent respectively in the period 1986-1987 because the restrictions on privately owned livestock have been lifted.

In the course of reform, local enterprises in the Soviet Union have been given the right to engage independently in foreign trade. The Central Asian republics have adopted a policy of developing border trade and joint ventures with China's Xinjiang Uygur Autonomous Region and coastal regions. The Kazakh Foreign Trade Company, set up only 5 months ago, has signed business contracts amounting to 60 million Swiss francs with Xinjiang. Most of Uzbekistan's 100-million-Swiss-franc foreign trade contracts were signed with China. It wants to buy not only our traditional products, such as garment and tea, but also our electric appliances, such as calculators and video cassette recorders. Border trade between China and Kirgizistan rose to 18 million Swiss francs this year, from 560,000 Swiss francs last year. It has also proposed to China to cosponsor a "Silk Road" international tour.

Soviet Trade Delegation Visits Heilongjiang
SK1211034988 Harbin HEILONGJIANG RIBAO
in Chinese 28 Oct 88 p 1

[Text] On the afternoon of 27 October, Governor Hou Jie received at the provincial people's government house the Soviet economic and trade delegation headed by Fisher, deputy chairman of the Council of Ministers of the Kirgiz Soviet Socialist Republic.

During the reception, Hou Jie on behalf of the provincial people's government and the people throughout the province delivered a speech to extend a warm welcome to the Soviet guests. He said that there is a traditional friendship between the people of China and the Soviet Union and that the arrival of comrades from the Kirgiz Soviet Socialist Republic has enabled us to have more new friends, enabled the province and the republic to expend their field of economic and technical cooperation, and has laid a solid foundation of friendship and cooperation for both the province and the republic. He hoped that more comrades from the Kirgiz Soviet Socialist Republic would visit our province in the future so as to enlarge the economic exchange between the province and the republic and to reinforce the friendship between them.

In his speech, Hou Jie also asked Fisher, head of the Soviet economic and trade delegation, to relay his sincere regard to the chairman of the Council of Ministers of the Kirgiz Soviet Socialist Republic and the people throughout the republic.

During the reception, Fisher, head of the Soviet delegation, also delivered a speech in which he expressed great appreciation for the enthusiastic welcome and reception given by the provincial people's government and the Harbin City people's government and hearty satisfaction with the positive achievements scored in the trade talks with the city of Harbin. He also hoped both the province and the republic would continuously enlarge their economic and trade operation.

In concluding the reception, representatives from both sides exchanged souvenirs.

Du Xianzhong, vice governor of the province, also attended the reception.

The Soviet guests arrived in Harbin City on 24 October at the invitation of the Harbin City Commercial Commission.

Soviet Art Exhibition Opens in Beijing 14 Nov
OW1411130988 Beijing XINHUA in English
1057 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—A plastic arts exhibition of the Central Asia and the Kazakh of the Soviet Union opened at the China Art Gallery here this afternoon.

Nearly 80 works on display are mainly silk embroideries and blankets made in the 19th and the early 20th century.

Present at the opening ceremony were Chinese Vice-Minister of Culture Wang Jifu and Soviet Ambassador to China Troyanovskiy.

Northeast Asia

Japanese Firm Banned From Exporting to China
OW1111155688 Beijing XINHUA in English
1539 GMT 11 Nov 88

[Text] Tokyo, November 11 (XINHUA)—Japan's Ministry of International Trade and Industry today banned exports of a trading house, Kyokuto Shokai Co., specializing in trade with China, for three months, beginning November 18.

The ministry announced the decision after the house was convicted of violating regulations for export to communist countries by exporting high-tech equipment to China.

Two former senior officials of Kyokuto Shokai were sentenced last month to one year's imprisonment with a two-year reprieve and eight months' imprisonment with a three-year reprieve respectively.

The Tokyo District Court also fined the firm two million yen (some 15,000 U.S. dollars) for exporting to China digital memory devices and other sophisticated equipment worth 60 million yen (about 445,000 U.S. dollars) on six occasions between June 1985 and June 1986 without permission from the ministry.

In July, the ministry imposed a one-month export ban for similar reasons on the Shinsei Koeki Co., another trading house that specializes in trade with China.

Arrest Made in Assault of Japanese Businessman
OW1211022788 Beijing XINHUA in English
1526 GMT 9 Nov 88

[Text] Shanghai, November 9 (XINHUA)—A 24-year-old man suspected of robbing a Japanese businessman has been arrested and his loot confiscated, a police officer said here today.

The suspect, identified as Wu Guilong, was charged with robbing Japanese businessman Yasuo Kishiyo in Shanghai's Jinjiang Hotel on the night of October 31, according to Zhang Mingfang, assistant director of Shanghai's Public Security Bureau.

According to the plaintiff, Wu gained access to his room by pretending to ask him to translate part of a Japanese language newspaper into English. However after Kishiyo began translating the article, Wu allegedly pulled a knife, hit him on the head and forced him to hand over his money.

Wu then allegedly locked the Japanese businessman in a closet and fled.

The victim reported that Wu had robbed him of 180,000 Japanese yen, 160 yuan in foreign exchange certificates, 20,000 Italian lire and an undisclosed quantity of U.S. dollars.

Police began an immediate investigation and turned up evidence that led to the arrest of Wu on November 6.

The suspect was apprehended hiding in the home of a friend.

According to police, Wu has a number of previous convictions for theft and after his arrest confessed to robbing Kishiyo, saying that he needed money for his coming marriage ceremony.

After the robbery Wu changed the money for about 9,000 yuan in renminbi with which he later bought a gold necklace, a camera and a color TV set, Zhang said.

Pledging that the Shanghai police will try its best to protect foreign visitors by laying a heavier hand on all criminals, Zhang said he also hoped that local security officials in hotels—and foreigners themselves—will take more precautions in the future to protect themselves from criminals.

Southeast Asia & Pacific

Premier Li Peng Ends Visit to Thailand

Li, Chatchai Meeting Viewed

*HK1511102488 Beijing RENMIN RIBAO
in Chinese 12 Nov 88 p 1*

[Dispatch by reporters Wang Rongjiu (3769 2837 0036) and Liu Aicheng (0491 1947 2052). "Li Peng Holds Talks With Chatchai, Reiterates China's Stand on the Cambodian Issue"]

[Text] Bangkok, 11 Nov—This afternoon, Li Peng, premier of the PRC State Council, and Chatchai Chunhawan, prime minister of Thailand, held official talks at the office of the Thai prime minister. During the talks, Premier Li Peng briefed Prime Minister Chatchai on the

position of the Chinese Government on the Cambodian issue. He pointed out: Vietnam has not made any change in its policy on the Cambodian issue, and just tries to find pretexts for delaying its troop withdrawal. He said: The Chinese Government does not seek any selfish interests on the Cambodian issue. We support the Cambodian people's anti-Vietnamese struggle solely because we uphold justice and oppose aggression. China subscribes to a just and reasonable political solution to the Cambodian issue, and has repeatedly enunciated her stand and position in this regard. Premier Li said: It is not enough for Vietnam merely to make verbal promises, and it should put forward a short timetable for the troop withdrawal as soon as possible.

During the talks, Premier Li Peng once again indicated that China will support the establishment of a four-party provisional coalition government headed by Prince Sihanouk. The candidates for membership of the provisional government should be nominated by each of the four parties on their own, but should also be accepted by all the other parties. We support a four-party combination in Cambodia and oppose the exclusion of any one party and also oppose the monopolizing of power by any one party. China will not agree to the option of establishing a government of any two parties or three parties. A so-called coalition government built on the foundation of the Heng Samrin regime is unacceptable. Premier Li said: After the establishment of the four-party provisional coalition government, all parties should freeze their respective troops and prevent their respective troops from intervening in politics and interfering in the general elections. The Cambodian people should be allowed to conduct free elections without external interference and without threat of force. In order to prevent civil war, the armed forces of all four parties should be disbanded or reduced. We propose that each party maintain a force of less than 10,000. This is an effective measure for guaranteeing peace in Cambodia.

Premier Li said: There should be effective international supervision over Vietnam's troop withdrawal and over the maintenance of peace and the organization of free elections in Cambodia. The Chinese Government supports the proposal to send international peace-keeping troops to Cambodia and to set up an international supervisory committee in Cambodia. If all parties concerned can reach agreement on the political settlement of the Cambodian issue, China is willing to join other countries in providing international guarantees for Cambodia's independent, neutral, and nonaligned position.

Paper Views ASEAN Ties

*HK1411101688 Beijing RENMIN RIBAO
in Chinese 14 Nov 88 p 1*

[Report: "Li Peng Announces Principles for Relations With ASEAN"]

[Text] Beijing, 11 Nov (XINHUA)—On 10 November, Li Peng, premier of the Chinese State Council, announced in Bangkok, the capital of Thailand, four principles for developing relations with the ASEAN nations.

At a welcoming banquet hosted by Thai Prime Minister Chatchai Chunhawan this evening, Premier Li Peng said: Now and in the days ahead, China will unswervingly pursue an independent, peaceful foreign policy. He pointed out: "Meanwhile, for the common goal of peace and development, China attaches great importance to its neighborly and friendly relations with the ASEAN countries. This policy will remain unchanged not only at present but also in the future when the Cambodia issue is settled." He announced four principles under which the Chinese Government will vigorously develop its relations with the ASEAN countries. They are as follows:

"First, the five principles of peaceful coexistence should be strictly complied with in dealing with country-to-country relations. Even though China and the ASEAN countries have different social systems, such differences should not adversely affect the establishment and development of genuine neighborly and friendly relations between them. Facts have proved that good or bad relations between countries are not decided by similarities or differences in their social systems but by whether they can strictly abide by the five principles of peaceful coexistence. China will unswervingly use the five principles of peaceful coexistence as a political basis for establishing, restoring, and further developing relations with the ASEAN countries.

"Second, it is necessary to adhere to the principle of opposing hegemonism under any circumstances. At present and in the future, China will never become a hegemonic power and will oppose any attempt to seek hegemony. In this region, China will not seek to establish its sphere of influence or intervene in the internal affairs of other countries in any way. As for certain problems between countries left over from history, we are willing to solve them through friendly consultations.

"Third, in economic relations, it is necessary to adhere to the principle of equality, mutual benefit, and common development. Both China and the ASEAN countries are developing countries. Despite their different national conditions and varying levels of economic development and technological achievements, each has its strong points. They should learn from each other's strong points to make up for their own weaknesses, help supply each other's needs, and complement each other. China will try to strengthen its cooperation with the ASEAN countries in the fields of economics, trade, and science and technology. China hopes that it and the ASEAN countries will develop into major partners for economic cooperation.

"Fourth, the principle of independence, mutual respect, close cooperation, and support for each other should be followed in dealing with international affairs. We are pleased to see that the time of a few countries dominating world affairs has passed. As ASEAN and other regional organizations are playing increasingly important roles in the international arena, China will, as always, support the efforts made by ASEAN to safeguard

peace and strengthen economic cooperation in this region as well as ASEAN's proposal for the establishment of a Southeast Asian zone of peace, freedom, and neutrality. [no closing quotes as published]

Li Visits Petrochemical Complex

*OW1311120088 Beijing XINHUA in English
1148 GMT 13 Nov 88*

[Text] Rayong, Thailand, November 13 (XINHUA)—The Map Ta Phut Petrochemical Complex and the gas separation plant, two major industrial projects in eastern Thailand, were visited today for the first time by a foreign head of government—Chinese Premier Li Peng.

Li is in Thailand on his fourth day of an official goodwill visit, his first trip abroad since he took premiership last April.

Thai Prime Minister Chatchai Chunhawan, in white sportswear, met Li at the construction site of the complex. He told the Chinese premier that the complex is still under construction, which will be completed next year.

The construction of the complex, some 200 kilometers southeast of Bangkok, started in April 1986. When the complex is operational, it will be Thailand's largest industrial center.

Li showed great interest in the project and the eastern seaboard development program as a whole.

Following a briefing, the Chinese premier asked a senior official in charge of the construction work. "What form of administration will you take in running the complex?"

When he was told that it will be run by a company-like organization, Li nodded and said, "anyone who joins the administration would be a share holder. Right?"

The Chinese premier also asked about the exploration of natural gas in the Gulf of Thailand, the price of natural gas and the future plan for developing the eastern seaboard.

Knowing that Premier Li Peng was very interested in the development, Dr. Anat Arbhahirama, governor of the Petroleum Authority of Thailand, took him to the gas separation plant for a visit.

The plant, which started operation in November 1984, is the first of its kind in Thailand. It is the most ambitious project ever in Thailand's efforts for industrialization in eastern Thailand.

Anat expressed the hope that Premier Li could come to Thailand again. At that time he could see more industries in the area, he added.

Li Views Cambodian Settlement
OW1311134788 Beijing XINHUA in English
1323 GMT 13 Nov 88

[Text] Bangkok, November 13 (XINHUA)—Chinese Premier Li Peng reaffirmed here this afternoon that China wants to see a quadripartite coalition government in Kampuchea after the withdrawal of Vietnamese troops.

He told a press conference at the end of his four day visit to Thailand that "the position of the Chinese Government on the formation of the future quadripartite coalition government under the leadership of Samdech Norodom Sihanouk is very clear. First, the candidates of representatives to that coalition government will be suggested by the four parties concerned. Second, the proposed candidates must be acceptable to all the other parties."

However, he added, "Whether the future coalition government will accept our position is something for them to decide."

Li stressed that "this principle of ours is applicable not only to any one party but to all the parties." He also reiterated China's position that "it will not support the Khmer Rouge in returning to exclusive power, nor does it agree that the Heng Samrin regime monopolizes the power in Kampuchea."

"What we are to support is a quadripartite coalition government under the leadership of Samdech Norodom Sihanouk," he said.

Asked about the desirable time for the withdrawal of Vietnamese troops from Kampuchea, Li said, "The timetable that will make us most satisfied is for the Vietnamese to withdraw completely from Kampuchea by the end of June next year." "This is the most desirable timetable for our part," he added.

Taiwan Urged To Open Door Wider
OW1311151888 Beijing XINHUA in English
1429 GMT 13 Nov 88

[Text] Bangkok, November 13 (XINHUA)—Visiting Chinese Premier Li Peng today urged the Taiwan authorities to open their door wider so as to deepen the understanding between the people on both sides of the Taiwan Strait.

Speaking at a press conference here this afternoon, Li said, "It is our hope that the Taiwan authorities can open their door wider so as to let more compatriots from the mainland have the opportunity to visit their relatives in Taiwan."

He noted that the Taiwan authorities have recently "further liberalized their policy in this regard by opening the door a little."

But he said the Taiwan authorities now only allow people on the Chinese mainland to visit their relatives who are very sick or to attend their funerals, while the mainland has received from 200,000 to 300,000 people from Taiwan since last year, he said.

"Our goal is the reunification of the Chinese mainland and Taiwan under the concept of one country, two systems," he said.

He said the most immediate task is to allow the exchange of mail service, the exchange of air and shipping services and the establishment of direct trade relations.

Li, who is in Thailand on a four-day visit, will leave here Monday for Australia, the second leg of his three-nation, two-week visit, his first trip abroad since he became premier in April. He will also visit New Zealand.

Holds News Conference
HK1411130688 Beijing RENMIN RIBAO
in Chinese 14 Nov 88 p 1

[Report by Wang Rongjiu (3769 2837 0036) and Liu Aicheng (0491 1947 2052): "At Bangkok Press Conference, Li Peng Says Vietnam Must Withdraw All Its Troops From Cambodia by Next June"]

[Text] Bangkok, 13 Nov—Li Peng, prime minister of the PRC State Council, said here this afternoon: China maintains that it is better for Vietnam to withdraw all its troops from Cambodia by next June. This is the timetable which China feels most satisfied with. China supports the future establishment of a four-party coalition government headed by Prince Sihanouk in Cambodia. China will support neither the Khmer Rouge nor the Heng Samrin regime in wielding exclusive power.

These remarks were made by Premier Li at a press conference held this afternoon at the Shangri-La Hotel, where he is staying. At the beginning of the press conference, Premier Li Peng first said that he was carrying out a 4-day official visit to Thailand at the invitation of Thai Premier Chatchai Chunhawan. He was very grateful to his majesty the king for the audience granted to him. In the meantime, he had also broadly and profoundly exchanged views with Prime Minister Chatchai on problems of common interest. He expressed his heartfelt thanks for the very warm and friendly welcome given to him by the Thai Government and people. Li Peng stressed: We have attained the hoped for goal of the visit of promoting the existing Sino-Thai friendly relations.

Answering questions on Sino-Thai trade, Premier Li said: There is potential which can be tapped in the trade between the two countries. This is determined by the efforts exerted by both sides in promoting cooperation and exchange. We welcome Thai enterprises making

investments in China, and Hainan Province in particular. Now the Cheng Ta [2973 1129] Company of Thailand has made investment in Hainan, and we welcome the endeavor. Our two countries may exchange economic and technological experience.

In answering questions on China's attitude toward the Burmese military government, Premier Li stressed: China has always refrained from interfering in the internal affairs of other countries, including, of course, the internal affairs of Burma. Burma is China's neighbor, and we hope that the situation in the country will be stabilized. There are trade relations between China and Burma, which have at present not been interrupted.

Some reporters asked questions on China's selling weapons to Thailand and helping it to build an arsenal [jun huo ku 6511 3499 1655]. Answering these questions, Premier Li said: The premiers of the two countries do not discuss the questions of arsenals and military cooperation. China has sold some weapons to the world, but the quantity is small. We also have military trade relations with Thailand, but the quantity of weapons we sell is small. China has sold weapons to Thailand. How Thailand handles the weapons is a matter for the country itself.

Talking about China's relations with Indonesia, Brunei, and Singapore, Premier Li pointed out: As far as China is concerned, it is not a difficult matter to restore diplomatic relations with Indonesia, and to establish diplomatic relations with Brunei. Our relations with Singapore are good, but also particular. Although we have not established diplomatic relations, the relations between our two countries are good. These kinds of relations with Singapore can be continued.

Regarding the Taiwan question, Premier Li Peng stated: China's policy toward Taiwan is known to all. Our general aim is to realize reunification between the mainland and Taiwan, and to implement the principle of "one country, two systems." At present, we should realize exchanges of trade, mail, and air and shipping services, and strengthen mutual understanding between the people on the two sides of the strait. He had noticed that the policy of the Taiwan authorities toward the mainland had been somewhat relaxed, but there were still many restrictions. He hoped that the Taiwan authorities would open the door wider so that more mainland compatriots could have the opportunity to visit Taiwan.

Expressing his views on Taiwan compatriots' efforts to solicit contributions for the earthquake-stricken area in Yunnan, Li Peng said: The international community has shown concern for the earthquake in the Yunnan area. More than 10 countries have now expressed their intention of providing aid. China is grateful for and welcomes their endeavors. Out of their kindred feelings, and their concern for the compatriots of minority nationalities in particular, compatriots of the two sides of the strait have put forward proposals on providing help and collecting

donations. Li Peng favored their plan. He stressed that what he means by the two sides of the strait is very clear. It means the mainland and Taiwan.

Leaves Bangkok for Australia

OW1411075488 Beijing XINHUA in English
0709 GMT 14 Nov 88

[Text] Bangkok, November 14 (XINHUA)—Chinese Premier Li Peng left here for Australia today at the end of his four-day official and good-will visit to Thailand.

Thailand was the first country Li visited since he officially took the premiership last April.

The Chinese premier told reporters last night that "my visit to Thailand is successful and satisfactory and I believe it will further promote the friendly relations between China and Thailand."

Thai Deputy Prime Minister Phichai Rattakun told XINHUA this morning "Prime Minister Li's visit has been very successful indeed in terms of trade and political cooperation."

"As far as political cooperation is concerned, the two leaders have discussed very thoroughly regarding the Kampuchean problem. I am very happy that both countries have agreed on the principle in solving the Kampuchean conflict," said Phichai who was chairman of the welcoming committee to the Chinese premier's visit.

When he was in Thailand, Premier Li held talks with his Thai Counterpart Chatchai Chunhawan on bilateral and international issues of common concern.

On the Kampuchean problem, the two sides reaffirmed their position that Vietnam should withdraw its troops from Kampuchea as soon as possible, according to Thai official sources.

The Chinese premier was seen off at the airport by Thai Prime Minister Chatchai Chunhawan, his deputy Phichai Rattakun, Foreign Minister Sitthi Sawetsila and other senior Thai officials.

Li's Thai Visit Viewed

HK1511041188 Hong Kong WEN WEI PO
in Chinese 15 Nov 88 p 3

["Special Feature" by WEN WEI PO reporter Chen Chien-ping (7115 1696 1627): "Li Peng's Aims in Visiting Thailand Are Attained"]

[Text] Dispatch from Bangkok on 14 November: This morning, Li Peng, premier of China's State Council, boarded a special plane in Bangkok and flew to Australia, thus bringing his 4-day visit to Thailand to a successful end.

On the common basis of furthering the friendly relations of cooperation between China and Thailand, the new Chinese premier and the new Thai prime minister each laid stress on different issues during their recent talks. Chinese Premier Li Peng stressed that one of his important aims in visiting Thailand is to push ahead with the process of seeking a political settlement for the Cambodian question whereas the Thai Prime Minister Chatchai Chunhawan stressed that greater efforts must be made to further the relations of trade, economic cooperation, and exchange between China and Thailand. Though the two sides laid stress on different issues during their talks, the aims of both sides were attained.

Questions Attracting Widespread Attention During Chinese Premier Li Peng's Visit to Thailand

The following are the two questions which attracted widespread attention during Li Peng's visit to Thailand: The first question is that Li Peng, for the first time, comprehensively put forward the Chinese Government's four principles governing the development of friendly relations between China and the six ASEAN countries. The four principles are: to strictly adhere to the Five Principles of Peaceful Coexistence; not to seek to expand the sphere of Chinese influence in the region; to jointly develop the economy of Southeast Asia; to closely cooperate with the six ASEAN countries with regard to international affairs. The second question which attracted widespread attention during Li Peng's visit to Thailand was that when announcing the Chinese Government's five-point stand and proposition on seeking a political settlement for the Cambodian question, Li Peng announced some new concessions made by China in respect of the Cambodian question, thus highlighting the sincerity of the Chinese Government in seeking a political settlement of the Cambodian question. The concessions made by the Chinese Government include: first, as soon as the provisional Cambodian Government formed by all the four parties concerned is established, China will stop its arms supply to Cambodia; second, while giving its support to the stationing of an international peacekeeping force in Cambodia, China will not insist on joining that force. The above-mentioned principles, stand, and concessions of the Chinese Government immediately received good responses from some of the ASEAN countries and the diplomatic circle in Bangkok.

Indonesia Showed Concern About China's Four Principles

Indonesia has also shown concern about China's four principles governing the development of friendly relations between China and the six ASEAN countries. In respect of the Cambodian question, the diplomatic circle in Bangkok has now shifted its attention to the Soviet Union as a result of Li Peng's visit to Thailand. This is not only because the Soviet Union itself is an important factor in a political settlement of the Cambodian question but also because Chinese Foreign Minister Qian Qichen has told Thai Foreign Minister Sitthi Sawetsila that he would hold talks with his Soviet counterpart on

the first day of next month. If their talks are successful, the Soviet leader, Mr Gorbachev, will visit China at the beginning of next year and hold a summit meeting in Beijing. Besides, Premier Li Peng also stated in his press conference held in Bangkok yesterday evening that the Chinese Government would be very glad to see Vietnam begin to withdraw its troops from Cambodia in June of next year. The diplomatic circle in Bangkok believes that since the withdrawal of the Vietnamese troops from Cambodia is one of the three major obstacles to the normalization of the Sino-Soviet relations, the Soviet Union is bound to do something in respect to the Cambodian question before next June. During an interview with the reporters, a Thai diplomat pointed out that the meeting to be held in Moscow between the Chinese foreign minister and his Soviet counterpart will be of great importance because it will decide when Vietnam will begin to withdraw its troops from Cambodia. His remarks show that Li Peng's political aim in visiting Thailand has been attained.

China and Thailand Hold Similar Stands on the Cambodian Question

Although Thailand did not state that Chinese Premier Li Peng's visit to Thailand was aimed ultimately at seeking a political settlement for the Cambodian question, China and Thailand hold similar stands on the Cambodian question. However, because the stand of the ASEAN countries differs from that of China in some respects, for example, in respect to the attitude toward the Khmer Rouge and the ASEAN's insistence on excluding the Khmer Rouge from the future coalition government of Cambodia, Thailand, which is a member of the ASEAN, had to cautiously handle the Cambodian question. Commenting on China's proposition on seeking a political settlement for the Cambodian question, Thai Prime Minister Chatchai Chunhawan said that Thailand thinks that the question of Cambodia should be settled by the Cambodians themselves. This comment obviously hinted that Thailand agreed to China's proposition on seeking a political settlement for the Cambodian question because the Khmer Rouge are Cambodians too. The Khmer Rouge are the Cambodians branded as "red Cambodians."

The Two Sides Hold Talks on Furthering Their Economic and Trade Cooperations

Thailand laid stress on the question of furthering economic and trade cooperations between the two countries. It was learned that Thailand had two considerations in this regard: One is that over the past few years, the Sino-Thai trade has developed rapidly. The annual volume of the Sino-Thai trade has shot up from between \$300 and \$400 million in the past to \$800 million this year. Thailand hopes that such good momentum in Sino-Thai economic and trade cooperation relations will continue in the years ahead. The other is that both China and Thailand are agricultural countries which export similar agricultural products. This has determined that

competition is bound to exist between China and Thailand on the international market. During their talks, the Thai prime minister stressed that Thailand and China should cooperate with each other in businesses concerning agricultural products, should not vie with each other in lowering the prices of agricultural products, and should avoid causing losses to each other. In reply, Chinese Premier Li Peng suggested setting up a trade information exchange system between the two countries so as to avoid some unnecessary competitions between the two countries.

During the talks held at the prime ministerial level on 11 November, Li Peng and Chatchai Chunhawan also discussed in principle the question of opening up new vistas for the further development of the relations of economic and trade cooperations between the two countries. For example, China and Thailand will cooperate with each other in extracting tin and tungsten minerals and exchange steel tubes, raw sugar, and coffee through their bilateral barter trade. Li Peng hoped that the Thai businessmen, especially those Thai businessmen who are natives of Hainan Island, will make more investment in Hainan Island so as to promote the development of various industries and trades on Hainan Island, such as the gem processing industry, the natural gas industry, the freshwater fish farming, the lobster and shrimp breeding industry, and so on.

Cambodia, Sino-Soviet Summit Viewed

HK1411140288 Hong Kong HSIN WAN PAO
in Chinese 14 Nov 88 p 1

["New Talk" column: "Timetable for Vietnamese Troop Withdrawal and the Sino-Soviet Summit"]

[Text] Chinese Premier Li Peng, who is currently visiting Thailand, mentioned at a reception on the afternoon of 12 November in Bangkok that China holds that it is better that Vietnam withdraw all its troops from Cambodia before next June, because this is the best timetable.

Previously, China always held that Vietnam should withdraw its troops from Cambodia as soon as possible, and demanded that Vietnam work out its troop withdrawal timetable, but China never said when Vietnam should complete the troop withdrawal.

After arriving in Thailand, Li Peng announced China's four principles on the Cambodian issue and did not mention the specific time for Vietnam's troop withdrawal. He said only: 1) Vietnam should announce its troop withdrawal timetable as soon as possible; 2) the four parties in Cambodia should set up a coalition government headed by Prince Sihanouk; 3) the four parties should each maintain an army of less than 10,000 people; and 4) the new Cambodian government should maintain a neutral position.

This time, Li Peng said that the first half of next year should be the "most satisfactory time" for Vietnam's troop withdrawal. This was the first time China had mentioned the time for Vietnam's troop withdrawal, and it tallies with the rumored timetable for the Sino-Soviet summit meeting in the first half of next year.

If the two events which may happen in the first half of next year are linked together, it is very likely that China requires that Vietnam first set an explicit troop withdrawal timetable and that then the date for the Sino-Soviet summit meeting be set. Chinese Foreign Minister Qian Qichen will go to meet with his Soviet counterpart Shevardnadze in Moscow on 1 December, and they will mainly talk about the two issues, namely, the Cambodian issue and the Sino-Soviet summit meeting.

On the day after Li Peng arrived in Thailand, a spokesman for the Thai Foreign Ministry announced a message of Prince Sihanouk from Paris. It was said that Hun Sen, prime minister of the pro-Vietnamese Phnom Penh regime, had met with Sihanouk and Son Sann and reached an agreement on Vietnam's troop withdrawal from Cambodia in 1989.

There is no thorough guarantee to ensure whether Vietnam will really withdraw all its troops from Cambodia or will continue to play the trick of false withdrawal in order to transfer its troops. It seems that Li Peng particularly tried to link the time for Vietnam's troop withdrawal with the time for the Sino-Soviet summit meeting.

Li Peng's words were elastic, as he said that "it is better" for Vietnam to withdraw its troops before next June, and that that would be "the most satisfactory timetable." This certainly left leeway for discussion and compromise between the two foreign ministers.

When answering reporters' questions, Li Peng gave prominence to two points. First, the candidates for membership in the Cambodian coalition government should be nominated by each of the four parties on their own and should also be accepted by the other parties. This already indicated the future of the Khmer Rouge leader Pol Pot. Second, after the Vietnamese troops withdraw, a four-party provisional government will be set up, and a UN supervisory committee and UN peacekeeping troops will arrive in Cambodia to start their peacekeeping work. China had announced these two points before. This time, China reiterated them in Bangkok, which is much closer to Cambodia. This could certainly attract more attention and win more understanding.

Article on Thai Friendship

HK1511002188 Beijing RENMIN RIBAO
in Chinese 10 Nov 88 p 6

[Article by RENMIN RIBAO delegation: "Deep Friendship Between the Chinese and Thai Peoples"]

[Text] "Thai and Chinese peoples are as dear to each other as brothers, and many of them have a blood relationship. My ancestral home is at Chenghai, Guangdong. Our government's decision to establish diplomatic

ties with China was based on the wishes of the vast majority of the people. Therefore the friendly relation between our two countries has a solid foundation. The late Premier Zhou Enlai, Elder Sister Deng [Zhou's widow], and other Chinese leaders have devoted much energy to promoting the friendly relationship between China and Thailand."

The above remarks brimming with warm feeling were made by the Prime Minister of the Kingdom of Thailand Major General Chatchai Chunhawan when he met with the visiting RENMIN RIBAO delegation at his private residence.

Premier Chatchai proved himself to be one of the main founders of the Sino-Thai friendship building. It was he—then foreign minister of Thailand—who accompanied former Premier Khukrit to Beijing on 1 July, 1975, when Premier Khukrit and Premier Zhou Enlai signed a joint communique on establishing diplomatic relations. The Thai-Chinese Friendship Association was set up the next year, and Chatchai was elected chairman.

The mutual visits by high-ranking officials of the two countries have deepened the friendly relations. For over a decade, Chinese leaders Deng Xiaoping, Zhao Ziyang, Li Xiannian, Deng Yingchao, Wan Li, and so on have visited Thailand, and crown prince, crown sister, princess Shi Lin Tong [6108 3829 6639], and Premier Prem of Thailand have also come to China for a visit. Now, Premier Li Peng is due to visit Thailand. Thailand is the first country Li Peng has ever visited since he took the post of the premier of the State Council. The leaders we met during our visit, ranging from premier, vice premiers, ministers to responsible members of various organizations, talked about the forthcoming visit by Premier Li Peng. They regard the visit as a major happy event.

In recent years, a continuous stream of people from both countries have exchanged visits. Visiting groups, official and nonofficial; nearly a thousand every year. Of the 73 provinces in Thailand, governors of about 60 provinces have come to China for a friendly visit. It is the frequent mutual visits by people of both countries that have formed a solid basis for friendly cooperation.

The friendship between Chinese and Thai peoples has passed on from generation to generation. The history of the friendly relations between the two countries dates back 2,000 years. The ancient splendid culture of the Thai people, including their customs and habits, bear a strong resemblance to those of the Chinese people. During our visits to the Da Huang [1126 4106] Palace and Jade Buddha Temple, the guide told us that the marble paving the palace was transported from China when the palace was under construction 200 years ago. The weapons on display in an exhibition hall in the Da Huang Palace include knives, swords, guns, and halberds used to fight against foreign invaders 200 years ago. The guide said those weapons were also copied from China. The practice of Thai people greeting others by putting

their palms together is similar to the ancient Chinese practice of making a bow with hands folded in front when meeting friends or guests.

We were told that with the enormous achievements scored since the introduction of reform and the open policy in China, and the continued development of friendly cooperation between Thailand and China, Thai people are more and more keen on understanding China. Quite a lot of Thais study Chinese enthusiastically, and some people sent their children to Singapore to receive an education in the Chinese language. The newspapers in Chinese published in Thailand enjoy an increasing readership.

Thai friends who received us frequently talked about one thing which happened between persons of the same trade of the two countries. In April of last year, a seven-member Chinese press delegation travelled in a passenger car on their way from Chiang Mai to Khon Kaen. When they drove past Wang Tong [2498 6639] in Phitsanulok at 3 o'clock in the morning, their car turned over. The Thai government, all departments concerned, mass organizations, and even ordinary Thai people who did not know the Chinese guests took care of the injured, and doctors and nursing staff nursed them with the best of care. On the very morning of the accident, Luo Na Wan [3157 2169 8001], and her husband Huang Qingjin [7806 3237 6833], editor-in-chief of SIAM NEWS in Khon Kaen rushed to the hospital at the news, a journey of over 300 kilometers. She went over to the sickbeds where the injured members of the delegation were lying, and told them, in tears: "I lost a gold ring worth \$400 in a rush and a muddle yesterday, but I was not sad for it. Today when I learned of your accident, I really felt upset!"

Those were words from the bottom of the heart of the Thai people. Friendship is more valuable than gold.

The trade between the two countries has expanded rapidly in recent years, with the figure for the first half of this year reaching \$420 million. According to the forecast by the Thai government, the turnover will top \$800 million at the end of the year, as compared with \$23 million in 1975, when the two countries established diplomatic ties.

Prime Minister Chatchai told us during the interview: Both Thailand and China are agricultural countries. We should pay great attention to technology and knowledge. China and Thailand should cooperate in trade instead of competition, and join hands in investment and promoting the economic growth of both countries.

Wherever we went, from the ancient royal city of Chaing Mai in the north to the coastal scenic spot for tourism Phuket in the south, we saw picturesque landscapes and were accorded a friendly welcome. Not only did we drink in the charming beauty of the torrid zone, but we also made many friends. The evergreen plants overgrowing

along the magnificent coasts and lines of coconut trees with fruit hanging in clusters are emblems of friendship, which is everlasting, between the peoples of China and Thailand.

Li Peng Begins 6-Day Australia Visit

Arrives in Perth

OW1411113488 Beijing XINHUA in English
1113 GMT 14 Nov 88

[Text] Perth, Australia, November 14 (XINHUA)—Chinese Premier Li Peng arrived here by special plane this afternoon for a six-day official goodwill visit to Australia at the invitation of Australian Prime Minister Bob Hawke.

Australian Minister for Resources Peter Cook, Premier of Western Australia Peter Dowding, Australian Ambassador to China David Sadler and Chinese Ambassador to Australia Zhang Zai greeted Chinese Premier Li Peng at the airport.

Those accompanying Li on the visit include Foreign Minister Qian Qichen, Minister of Metallurgical Industry Qi Yuanjing, Minister of Labor Luo Gan, Minister of Aerospace Industry Lin Zongtang and Director of the China Rural Development Research Centre Under the State Council Du Runsheng.

This is Li Peng's first visit to Australia.

Officials here maintain that Li's visit is one of the most important visits in the Australian bicentennial year. It will serve to strengthen the warm and friendly ties which have been built between the two countries since the establishment of diplomatic relations in 1972.

In his written speech issued at the airport, Li said, "I have come, with great pleasure, to your country for an official goodwill visit and for your bicentennial celebrations at the invitation of Prime Minister Bob Hawke."

He said, "To the satisfaction of both sides, rapid and all-around development has been attained in the friendly relations and cooperation between our two countries in the political, economic, cultural, scientific and technological fields in the past sixteen years since the establishment of diplomatic relations between China and Australia. My visit to your country is aimed at deepening our mutual understanding and friendship, and promoting exchanges and cooperation so that the existing relations of friendship and cooperation will be able to develop to a new high."

"Western Australia is the first leg of my trip. I look forward to visiting mining industries here. I wish to see in person Channar Project under construction, a result of Sino-Australian cooperation. China needs the high-grade iron ore of Western Australia for its development. All the

products from Channar Project after it goes into operation will be supplied to China's iron and steel enterprises, mainly to Baoshan Iron and Steel Complex in Shanghai. This project of cooperation will play a positive role in the economic development of our two countries."

Though it started late, he said, the friendly cooperation between China and Western Australia features rapid development, great potential and good prospects.

Addresses Banquet

OW1411173488 Beijing XINHUA in English
1639 GMT 14 Nov 88

[Text] Perth, Australia, November 14 (XINHUA)—Chinese Premier Li Peng, who arrived here this afternoon on an official goodwill visit to Australia, was honored at a dinner hosted by Premier of Western Australia Peter Dowding.

Speaking at the dinner, Dowding spoke highly of Western Australia's friendly relations with China's Zhejiang Province and with China as a whole.

He said that Western Australia, like elsewhere throughout the world, is very interested in China's economic modernization program, has a great deal of admiration for its remarkable successes which have been achieved and continue to be achieved during the period since 1979. "We sincerely welcome your reform policies and economic development strategies you have followed since you opened your doors to the outside world," he added.

He said Western Australia is introducing in its school curricula a program on China's history, culture, language and importance in contemporary world affairs, so as to make the people have a better understanding of China.

In reply, Li Peng said: "Recent years have witnessed a rapid and sound development of the friendly relations and cooperation between China and Western Australia. China's Zhejiang Province has entered into a formal friendly province-to-state relationship with Western Australia, and the personnel contacts and friendship between the two are growing steadily.

"In addition to our cooperation in the mining field, exchanges and cooperation between China and Western Australia in such fields as fishery, trade, culture, education, science and technology are also very close."

He noted, "The largest project of Sino-Australian economic cooperation, the Channar Iron Mine, is here in Western Australia. It is my hope that this project will become a model in Sino-Australian economic cooperation."

He said, "The prospect for the cooperation between China and Australia in the field of iron and steel production is very broad. Take the Channar Iron Project for example, all its products will be shipped to China mainly as supply for

the Baoshan Iron and Steel Complex in Shanghai. I can tell you here that China's iron and steel industry will continue to expand and China needs to import iron ore from Australia on a long term basis. You will find a stable market for Australian iron ore in China."

Near East & South Asia

'Arafat Praises Chinese Support for Palestinians
OW1411162788 Beijing XINHUA in English
1533 GMT 14 Nov 88

[Text] Algiers, November 14 (XINHUA)—Yasir 'Arafat, chairman of the Executive Committee of the Palestine Liberation Organization (PLO), said here today that China has unwaveringly supported the Palestinian people's struggle since 1964, and the Palestinians will never forget China's lofty stand.

'Arafat said this to Chinese Ambassador to Algeria An Huihou at a press conference here this morning soon after the opening of the third day meeting of the 19th extraordinary session of the Palestine National Council (PNC).

Recalling his recent visit to China, 'Arafat said, his talks with General Secretary of the Chinese Communist Party Zhao Ziyang was fruitful and constructive. The success of the visit served to encourage the Palestinian people's struggle greatly.

The Chinese ambassador congratulated 'Arafat on the success of the on-going PNC session.

Meanwhile, Faruq Qaddumi, head of the political department of PLO, who is also attending the PNC session, today told the Chinese ambassador that the current PNC session will declare the establishment of an independent Palestinian state and that all Palestinian factions cheer an "independent program."

The establishment of an independent Palestinian state will be announced on November 15, and the border of the state is to be settled through negotiations, he added.

The political declaration includes the convening of an international Mideast peace conference, he said, adding that U.N. Security Council Resolution 242 triggers major differences among the Palestinian factions. The Popular Front for the Liberation of Palestine (PFLP) is against the resolution as the basis for the settlement of the Palestine issue.

Resolution 242 cannot be accepted as the only basis for the international Mideast peace conference, and the recognition of Palestinian people's right to national self-determination and their legitimate national rights is indispensable to the convening of such a conference, he said.

The political declaration may be put to the vote should the PFLP insist on its stand, he said.

The PLO is to attend the international peace conference either as an independent state or in an Arab joint delegation, he said, adding that the possible formation of a joint Palestine-Jordan delegation has become something of the past.

'News Analysis' of PNC Session
OW1211192288 Beijing XINHUA in English
1510 GMT 12 Nov 88

["News Analysis: PNC Session Marks Strategic Turning Point"—XINHUA headline; by Mu Guangren]

[Text] Algiers, November 12 (XINHUA)—The 19th extraordinary session of the Palestine National Council (PNC) which opens here today, is of historical importance for the Palestinians.

The session is being held at this crucial moment in order for the Palestinians to find a new political strategy now that their uprising against Israeli occupation has lasted almost one year.

This new direction can clearly be seen as ushering in a new period in the striving for an independent Palestinian state.

The struggle has changed the political situation in the region, and the once-forgotten Palestine issue has become an unavoidable concern in international affairs. It has made the Israelis realize that Palestine is a tough bone that cannot easily be swallowed.

The status, influence, and legitimacy of the Palestine Liberation Organization (PLO), are presently at their all-time high in the international community. This never-before-achieved position should, therefore, provide the PLO with a chance to formulate a historical decision on the future of Palestine.

The PLO, as well as other Arab nations, are fully aware of the great potential for this moment. They know it comes not only as a result of the persistence of the Palestinian people's struggle, but also because it coincides with the current trend in international detente, and the solving of regional conflicts through political negotiations.

In addition, the decision of Jordan's King Husayn to cut legal and administrative ties with the Israeli-occupied West Bank on July 31, gave political impetus to the PLO for holding this session.

The PLO, therefore, finds itself in a political position strong enough to adopt this new strategy of offering Israel peace in return for a Palestine state.

It was reported that Palestinian factions agreed in principle in Tunis in early October to set up a Palestine state on the basis of Resolution 181 adopted by the U.N. General Assembly in 1947. This resolution recommended the partitioning of Palestine between Arabs and Jews.

They also agreed to have direct talks with Israel within the framework of an international peace conference, and to work toward the formation of a confederation with Jordan.

Two documents, "the independence declaration," and "the political declaration," worked out by two committees, will be handed over to the council session for approval. Both documents have been widely discussed among the PLO and Palestinians in the occupied lands.

The PLO leader Yasir 'Arafat, said the session will deliberate four options: whether to declare an independent Palestinian state in the occupied lands; to declare a Palestinian state and a provisional government; to declare only a Palestinian provisional government; and to put the occupied territories under an international mandate for a transitional period.

Despite differences over the options, the Palestinians have agreed on one thing—they are all for the idea of setting up a Palestine state.

Palestinian activists in the West Bank and Gaza Strip voiced their support when this correspondent visited there recently. They say they have complete confidence in the PNC members, and will support any of their decisions on future policies and measures.

Indian Official Meets Friendship Delegation
OW1111100388 Beijing XINHUA in English
1551 GMT 10 Nov 88

[Text] New Delhi, November 10 (XINHUA)—Indian Vice-President S.D. Sharma today expressed the hope that the forthcoming visit of Prime Minister Rajiv Gandhi to China will give an "impetus to the development in Sino-Indian relations".

We are looking forward to a positive result of the visit, the vice-president said when meeting a delegation of the Chinese People's Association for Friendship With Foreign Countries led by its Vice-President Hu Hongfan.

Delegation Given Award
OW1311045888 Beijing XINHUA in English
1439 GMT 10 Nov 88

[Text] New Delhi, November 10 (XINHUA)—India's Unity International Foundation (UIF) conferred the Unity Award for International Understanding to the Chinese People's Association for Friendship With Foreign Countries (CPAFFC) here today.

Speaking at a function for presenting the award, UIF President Abdi Ahmad, widow of the late Indian President Ali Ahmad, appreciated the CPAFFC for its contribution to promoting China's friendship with other countries at people to people level.

Mrs. Ahmad expressed the hope that friendship, understanding and cooperation between India and China will be further strengthened.

A citation read at the function says that during the course of 35 years of its exchequered [word as received] history, the CPAFFC has been able to forge close links with the people of more than 130 countries, irrespective of their socio-political systems.

Vice-President of the CPAFFC Hu Hongfan said the friendship between the peoples of the two countries, which constitute one third of the world population, is an important factor of peace in Asia and the world.

The UIF is a socio-cultural organization engaged in enhancing international understanding and peace.

Sub-Saharan Africa

Comoran President Ahmed Abdallah Begins Visit

Interviewed Prior to Departure
OW1211011588 Beijing XINHUA in English 0826
GMT 8 Nov 88

[Text] Moroni, Comoros, November 7 (XINHUA)—Comoran President Ahmed Abdallah Abderemane spoke of foreign and domestic policy in an exclusive interview with a XINHUA correspondent here this morning.

The Islamic Federal Republic of the Comoros, in the Indian Ocean between northern Madagascar and the east African coast, became independent from France on July 6, 1975.

Abderemane, who was ousted in a coup the month after his election as president in July 1975, but came back to power in May 1978, stressed the non-alignment of his country, and said that he was opposed to the Iran-Iraq conflict and the invasion of Afghanistan by Soviet troops.

"We, the Comorans, like the Chinese, have always advocated the peaceful resolution of differences between states through dialogue and negotiation, instead of resorting to force or war," Abderemane said.

About the situation in the Indian Ocean, the president said that his country has greatly improved its relations with Madagascar, the Seychelles and Mauritius, adding that a new spirit of cooperation has emerged in the region.

Abderemane expressed support for the proposal to make the Indian Ocean a war-free zone.

Sino-Comoran relations are very good, the president said, adding that the People's Republic of China has been a very good friend to his country. We will soon pay an official visit to China, one of the first countries to recognize the Comoros' independence, at the invitation of President Yang Shangkun.

As an Islamic nation, the Comoros has good relations with the Arab world and benefits from its aid to accelerate the country's internal economic development.

The Comoros still has particular relations with France. The island of Mayotte has remained under French domination despite the Comoran Government's position that "the Comoros should be a sovereign, united and independent nation."

When asked about Mayotte, Abderemane replied severely that no progress has been made in the matter so far despite his repeated contacts with the French Government.

The president said that the Comoros' political situation is "stable and encouraging," and that the national economy "has seen a noticeable improvement in the last ten years."

Great progress has been made in this short period, he said, in education, land and air transportation, animal husbandry, agriculture, public health, fishing, water and electricity, and the construction of the country's infrastructure.

The quality of life is increasing slowly, he added, because it is starting at a very low level. Abderemane admitted that the Comorans are very poor and that his country is one of the poorest in the world.

The economy is dominated by agriculture, which employs and supports 85 percent of the population. The principal products are ylang-ylang, vanilla and cloves.

The Comoros' economic difficulties are attributed to the long colonial domination, a weak economic base, overpopulation, and the lack of natural resources. The world economic crises in recent years, hurting exportation of Comoran industrial exports, have led to a drastic drop in Comoran income.

The government's efforts to reform the system include opening to the outside world, introducing foreign capital, and consolidating various undertakings.

The current structural and economic readjustments being made in the country are very difficult, the president said, but necessary. The readjustments must be made in the interest of the people, he added, not in response to external pressures.

Arrives in Beijing

OW1211133888 Beijing XINHUA in English
1121 GMT 12 Nov 88

[Text] Beijing, November 12 (XINHUA)—President Ahmed Abdallah Abderemane of the Islamic Federal Republic of Comoros arrived here this afternoon for a week-long official goodwill visit to China.

At the invitation of Chinese President Yang Shangkun, Abdallah has come as the first Comoran head of state to visit China since the two countries forged diplomatic ties in 1975.

Among those travelling with the Comoran president were Said Kafe, minister of foreign affairs, cooperation and foreign trade and Said Ahmed Said Ali, minister of finance, budget and economy.

The Comoran president and his party were greeted at the airport by Wei Jianxing, chairman of the Chinese Government reception committee and minister of supervision, Vice Foreign Minister Qi Huaiyuan and Chinese Ambassador to Comoros Liu Qingyou.

Visits Great Wall, Palace Museum

OW131113388 Beijing XINHUA in English
1033 GMT 13 Nov 88

[Text] Beijing, November 13 (XINHUA)—President Ahmed Abdallah of the Islamic Federal Republic of Comoros visited the Great Wall, a Ming tomb and the Palace Museum here today.

He was accompanied by Wei Jianxing, chairman of the Chinese Government reception committee and minister of supervision, and Liu Qingyou, Chinese ambassador to Comoros.

Meets Yang Shangkun

OW1411080488 Beijing XINHUA in English
0704 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—Chinese President Yang Shangkun today described President Ahmed Abdallah's current visit to China as "opening a new chapter in the annals of Sino-Comoran relations."

During his meeting with president of the Islamic Federal Republic of Comoros Ahmed Abdallah Abderemane here this morning, Yang expressed the "warmest welcome" for his Comoran counterpart, who came one day before the 13th anniversary of the establishment of diplomatic ties between China and Comoros.

Yang also expressed satisfaction over the expansion of bilateral relations between the two countries in recent years, saying that China is willing to strengthen its cooperation with Comoros.

Noting that China was one of the first countries to recognize Comoros, Abdallah described the two countries as having been "hand in hand" since they forged diplomatic ties in 1975. He also expressed appreciation for China's support to his country.

Prior to the meeting, Yang Shangkun presided over a welcoming ceremony for Abdallah at the Great Hall of the People, where they later held talks.

Seypidin Aze, vice-chairman of the National People's Congress Standing Committee, was present on both occasions.

Meets Yao Yilin

OW1411125788 Beijing XINHUA in English
1229 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—Acting Chinese Premier Yao Yilin said here today that the Chinese Government has always attached great importance to the relations of friendship and cooperation with Comoros and is willing to expand such relations.

Yao made this remark this afternoon when having talks with Ahmed Abdallah Abderemane, president of the Islamic Federal Republic of Comoros, at the Great Hall of the People.

Yao first extended warm welcome to the Comoros president on behalf of Premier Li Peng, who is visiting Oceania, and himself. Yao said the current visit by President Abderemane is a big event in the annals of China-Comoros relations.

Abderemane said that the Comoros-China relation is a friendly and active one. China is a good friend of Comoros.

Yao said that November 13 is the 13th anniversary of the establishment of diplomatic relations between China and Comoros. "It is satisfactory to see the healthy development of bilateral relations during the 13 years. We believe that the present visit by President Abderemane will be bound to make new contributions to the growth of the friendly bilateral ties."

The two leaders exchanged views on further expansion of bilateral relations. The Comoros president expressed thanks to China for its help for his country. Yao returned thanks for friendly sentiments of President Abderemane towards the Chinese people. China and Comoros have always supported each other, Yao said.

Honored at Banquet

OW1411230788 Beijing XINHUA in English
1523 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—China and Comoros have conducted "highly effective cooperations and developed a sincere friendship" since they forged diplomatic ties 13 years ago, Chinese President Yang Shangkun said here today.

Addressing a banquet in honor of president of the Islamic Federal Republic of Comoros, Ahmed Abdallah, at the Great Hall of the People here this evening, Yang expressed

China's willingness to constantly strengthen its friendly cooperative relations with Comoros, saying his country cherishes Sino-Comoro friendship very much.

Yang spoke highly of the Comoro Government's efforts to safeguard its sovereignty, consolidate national unity, develop its economy and improve the people's living standard.

Describing Comoros as following a non-alignment policy and committed to safeguarding the unity of Africa and strengthening regional cooperation, the Chinese president said that the Comoros Government stands for the establishment of a new international economic order and upholds justice on major international issues.

"Comoros has made its contribution to the peace and development of the world," he added.

On the present situation in Africa, Yang noted that some African countries, with efforts to abandon past differences for the sake of unity, are seeking to solve regional disputes through peaceful means.

"This new trend will benefit the stability and development of African countries," Yang said. "We feel happy about that."

He reiterated China's firm support for the African countries' efforts in maintaining African unity and revitalizing economy. He said China firmly supports their justified rights to establish a new international economic order, adding that "China is willing to strengthen its economic and technological cooperation with African countries in the spirit of mutual interests and mutual development."

President Abdallah said that China and Comoros have a deep friendship. The two countries pursue similar objects and share identical views on a wide-ranging current major issues. He expressed gratitude towards the Chinese Government and people who are among the first to recognize Comoros' independence and have rendered unfailing support for it.

He said that although the two countries are distant from each other, the people of Comoros are not unfamiliar with Chinese people. "Comoros is much concerned about China's reforms that aim at improving people's livelihood. The experience of China can be shared by the Third World countries who are casting off backwardness," he added.

Abdallah said that China has set an example for the South-South cooperation through its cooperation with Comoros, such as transferring technologies in cultural and handicrafts fields to Comoros.

This morning, President Abdallah visited a Muslim grammar school and a mosque here.

Government To Freeze Value of Yuan for 2 Years
HK1511112688 Hong Kong AFP in English
1045 GMT 15 Nov 88

[Text] Beijing, Nov 15 (AFP)—China's central bank will not devalue the yuan for the next two years in order to stabilize the country's overheated economy, a Chinese banking source said Tuesday.

"If the government devalues the yuan now, it will both increase exports and push the price of imports up, further fuelling inflation and destabilizing the economy," the source said.

"I can't see devaluation for the next couple of years," he added.

The government's decision to freeze the value of the yuan is also seen by Western analysts here as a bid to prevent further social unrest.

In August, China suffered its worst rate of inflation since the Communists took power in 1949, reaching as high as 30 per cent in major cities and provoking nationwide bank runs and panic buying.

"At present, the Chinese Government wants to curb inflation," the Chinese source said. "The time is not ripe for devaluation."

The government announced in late September a price freeze and a two-year slowdown in reforms in a bid to "rectify the economy."

"But that doesn't mean that this is the right economic decision... because the yuan is certainly overvalued," a Western banking source said.

The yuan takes two forms, the Foreign Exchange Certificate (FEC) given to foreigners in exchange for their hard currencies, and the renminbi, or people's money, used by the Chinese.

Theoretically the two have an equal value of 3.72 against the U.S. dollar, but on the booming black market the FEC fetches twice its value in renminbi.

China last devalued the yuan in July 1986, trimming its value by 15.8 per cent against a number of Western currencies, but observers said it had been steadily losing ground against strong foreign currencies since 1984.

Plans earlier this year to devalue the yuan have been shelved for two years while in September the government set up a system to circumvent the problem, sources said.

The People's Bank of China (central bank) was sanctioning a "grey market" in all major cities where the U.S. dollar fetches almost twice the official exchange rate, an official from the bank said.

Foreign Exchange Transaction Centers, overseen by the bank, had been formed "to adjust the surplus and shortage of foreign currency between enterprises," added Luo Ping.

Shanghai's "foreign exchange swap center" was currently offering 6.96 yuan for every U.S. dollar, he said.

"I guess you could call the centers 'grey markets'... somewhere in the black market rate and the official exchange rate," Mr. Luo said.

Western analysts here view the "grey markets" as a de facto acknowledgement by the government that the yuan is worth less than the official exchange rate.

The central bank has set a ceiling of 7.5 yuan to the dollar for the exchange rate.

The rate fluctuates according to the demand of Chinese state-owned enterprises for foreign currency to import materials for expanding production.

The Shanghai center is the only one which uses brokers appointed by joint-ventures and state enterprises to set the exchange rate.

"This is the initial stage of a market system," Mr. Luo said.

He said such centers also existed in the capital, in the southern of Shenzhen and Guangzhou and in northeastern Shenyang.

Kuomintang Congress Opens in Beijing 12 Nov

To Elect New Leaders

HK1411035688 Beijing CHINA DAILY in English
14 Nov 88 p 3

[By staff reporter Chang Hong]

[Text] The Seventh National Congress of the Revolutionary Committee of Kuomintang, one of the eight non-Communist political parties in China, opened on Saturday in Beijing.

The date for the opening of the congress coincided with the 122nd anniversary of the birthday of Dr Sun Yat-sen, leader of the Chinese Revolution which overthrew the last imperial dynasty in 1911 and the founder of the Kuomintang.

Some 500 deputies elected from the committee's 37,000 members, leaders of the ruling Communist Party, the National People's Congress, and other seven democratic parties attended the opening session of the congress held at the Great Hall of the People.

According to Jia Yibin, one of the committee's vice-chairmen, deputies will discuss the committee's work report delivered during the opening session and adopt a new Constitution.

Deputies will elect the party's new central committee, which is expected to include a number of much younger members.

Founded in 1948, the committee was composed of democrats in the Kuomintang, now the ruling party in Taiwan, and other Kuomintang's opponents. Members of the committee said their new party was revolutionary and argued that they are the true political descendants of Sun Yat-sen.

The committee is considering altering its rules in order to accept people related to the Kuomintang and to other sectors in Taiwan and to people devoted to the reunification of the country.

This democratic party mainly works among former members of the Kuomintang, people who have historical contacts with the Kuomintang, relatives and descendants of former Kuomintang members, and those who have come from Taiwan.

Jia said such a change will better serve the party's work in promoting the reunification by contacting more people from Taiwan, Hong Kong, Macao and other parts of the world.

CPC Central Committee Message

OW1411040388 Beijing XINHUA Domestic Service
in Chinese 1527 GMT 12 Nov 88

[Text] Beijing, 12 Nov (XINHUA)—CPC Central Committee Congratulatory Message to the Seventh National Congress of the Revolutionary Committee of the Chinese Kuomintang [KMT]

At this time when the Revolutionary Committee of the Chinese KMT is holding the Seventh National Congress, the CPC Central Committee extends its warm greetings to the congress and sincere regards to all congress delegates and all comrades of the Revolutionary Committee of the Chinese KMT!

Since its founding, the Revolutionary Committee of the Chinese KMT has united the KMT democrats in inheriting and carrying forward the patriotic, revolutionary, and progressive spirit of the great revolutionary pioneer, Dr Sun Yat-sen. It has adhered to the Three New Principles of the People [xin san min zhu yi 2450 0005 3046 0031 5030] that Dr Sun Yat-sen formulated at the First National Congress of the Chinese KMT; persisted in cooperating closely with the CPC; waged unremitting struggle; and performed glorious deeds in the cause of the Chinese people's liberation. After New China was founded, it worked together with our party for the socialist cause and made strenuous efforts to make our

motherland prosperous, affluent, and strong. Since the 3d Plenary Session of the 11th CPC Central Committee, it has vigorously supported the line of reform and opening to the outside world; taken part in rendering consultations and making decisions on major national policies; mobilized its members and the masses it associated with to contribute to the building of socialist material and spiritual civilizations; and played a significant role in invigorating the political life of the nation. This organization has a long, historical relationship with the KMT and widespread influence among people of all circles in Taiwan, Hong Kong, and Macao as well as those residing overseas. It has made significant contributions to promoting the development of relations between the two sides of the Taiwan Strait and striving for the peaceful reunification of the motherland. We believe that the current congress of the Revolutionary Committee of the Chinese KMT will have a significant, stimulating effect on opening up a new situation in this organization's work; furthering its self-improvement; and enabling its members, old and new, to share the heavy responsibility of carrying on the unfinished tasks and blazing the way to the future.

Comrades: Since the 3d Plenary Session of the 11th CPC Central Committee, firm efforts to uphold the four cardinal principles and implement the reform and open policies have promoted the development of a socialist commodity economy and brought about great achievements in economic construction and all other undertakings. In the meantime, new progress has been made in developing socialist democratic politics of our country. The 10-year efforts spent for reform and opening to the outside world have ushered in a new historical development period. In general, the current economic situation of our country is good, but there exist many difficulties and problems. The 3d Plenary Session of the 13th CPC Central Committee made a comprehensive analysis of the present political and economic situation; set forth the tasks of improving the economic environment, rectifying the economic order, and deepening the reforms in an all-around way; and mobilized the entire party and all the people from top to bottom in the country to make concerted efforts to cut total demand of society, curtail currency inflation, and overcome the disorderliness of our economic activities and certain corrupt phenomena in our party and government organs. The State Council and the governments at all levels are taking various effective measures to do these tasks. The CPC has always shared weal and woe with all democratic parties. Our achievements are inseparably linked with the wholehearted cooperation we have received from democratic parties. We should continue to carry forward this fine tradition. It is our belief that with the great unity of the people of all nationalities in the country, the close cooperation of all democratic parties, and the concerted efforts of all people, we will certainly be able to win victories in improving our economic environment, rectifying our economic order, and deepening the reforms in an all-around way.

The multiparty cooperation system and the political consultation system under the CPC leadership are basic systems in the political structure of our country. These systems are consistent with our national conditions and are greatly superior. We should maintain these systems and make ceaseless efforts to improve, strengthen, enrich, and develop them. With respect to democratic parties, our party will continue to implement the principle of "long-term coexistence, mutual supervision, treating each other with all sincerity, and sharing weal and woe." We will further develop socialist democracy; take really effective measures to support democratic parties and personalities without party affiliation to get involved in drawing up and implementing major national policies; recommend them to participate in government work; and give fuller play to the democratic supervisory role of democratic parties. The Communist Party must be supervised by the masses of the people and by democratic parties. We sincerely hope that comrades of democratic parties will continue to make candid and straightforward criticisms and suggestions about CPC and People's Government work and play a positive role in the work of improving the economic environment and rectifying economic order. In addition, we suggest that democratic parties establish a system to report irregularities, and we support them in doing so. With the progress in developing socialist democratic politics in our country, we believe democratic parties will play an even more active role in the political and social life of our country.

Early reunification of Taiwan and the mainland is the common aspiration of the 1 billion Chinese people, including the compatriots in Taiwan. In recent years, relations between the two sides of the Taiwan Strait have been developing toward relaxation with ever-increasing trips to visit relatives; tourist tours; economic and trade contacts; and science, technology, cultural, and sports exchanges. The Revolutionary Committee of the Chinese KMT has favorable conditions for, and can play a significant role in, promoting the cause of reunifying the motherland. We hope that comrades of the Revolutionary Committee of the Chinese KMT will continue their efforts and make even greater contributions toward the reunification of the motherland.

Comrades, let us unite more closely under the banners of socialism and patriotism and work together for the great cause of revitalizing China and reunifying the motherland!

We wish the Seventh National Congress of the Revolutionary Committee of the Chinese KMT complete success!

[Signed] CPC Central Committee

[Dated] 12 November 1988

Opening Activities Reported

OW1311214488 Beijing XINHUA Domestic Service
in Chinese 1321 GMT 12 Nov 88

[By reporter Zou Aikou and Zhang Yanping]

[Excerpts] Beijing, 12 Nov (XINHUA)—The Revolutionary Committee of the Chinese Kuomintang, with its main

political program of carrying forward the spirit of patriotism, revolution, and continual progress of Mr Sun Yat-sen, today began its 7th National Congress on the occasion of the 122th anniversary of the birth Sun Yat-sen.

Entrusted by 38,000 party members of the Revolutionary Committee of the Chinese Kuomintang, some 500 delegates attended today's opening ceremony in the hall of the third floor of the Great Hall of the People.

Present at the opening ceremony were Tian Jiyun, Yan Mingfu, Cheng Zihua, Xi Zhongxun, Fei Xiaotong, Yang Jingren, Cheng Siyuan, Lu Jiayi, and responsible comrades from the United Front Work Department of the CPC Central Committee, the central committees of various democratic parties, and other relevant groups.

The CPC Central Committee sent an ebullient congratulatory message to the congress. The message praised the important contribution, significant role, and glorious achievements of the Revolutionary Committee of the Chinese Kuomintang with regard to the liberation of the Chinese people, the prosperity and strength of the motherland, the enlivening of the nation's political life, and the promotion of the peaceful reunification of the motherland.

The message of greetings states: The Communist Party of China will take concrete and effective measures to support democratic parties and those people with no party affiliation taking part in the decision and implementation of the state's policies and principles, and to recommend that democratic parties and people with no party affiliation participate in government work in order to further bring into play the democratic supervisory role of such parties.

The message expresses hope that the comrades of the democratic parties will continuously offer sincere and frank criticism and suggestions to the Communist Party of China and the People's Government, as well as actively take part in the work of improving the economic environment and rectifying the economic order. The message also suggests and supports the democratic parties' establishment of a corruption reporting system.

The message notes that the Revolutionary Committee of the Chinese Kuomintang has its own advantages and that it has played an important role in promoting the undertaking of the reunification of the motherland. It is hoped that the comrades of the Revolutionary Committee of the Chinese Kuomintang will work harder and contribute more to the realization of this reunification.

The congratulatory message of the CPC Central Committee was read at the meeting by Yan Mingfu, head of the United Front Work Department of the CPC Central Committee.

Fei Xiaotong, chairman of the Central Committee of the China Democratic League, addressed the meeting on behalf of the central committees of the democratic parties and the All-China Federation of Industry and Commerce. He warmly greeted the opening of the congress and wished it success.

Today's opening ceremony was presided over by Zhu Xuefan, executive chairman of the presidium of the congress. Qu Wu, honorary chairman of the Revolutionary Committee of the Chinese Kuomintang, delivered the opening speech. Jia Yibin, executive chairman of the presidium of the congress, presented a report on the work of the sixth Central Committee, and Tan Tiwu delivered a report on the work of the supervision committee of the Central Committee. [passage omitted]

Attending the opening ceremony were Zheng Dongguo, Hou Jingru, Sun Yueqi, Peng Qingyuan, Li Ganliu, Chen Mingde, and Fu Xuwen, executive chairmen of the presidium of the meeting.

Peasant-Worker Democratic Party Congress Opens
HK1411054988 Beijing RENMIN RIBAO in Chinese
10 Nov 88 p 1

[Report by correspondent Yuan Jianda (5913 1696 6671): "The 10th Congress of the Chinese Peasants and Workers Democratic Party Opens"]

[Text] Beijing, 9 Nov (RENMIN RIBAO)—Today the CPC Central Committee suggested that all democratic parties set up a reporting system to supervise and check on corruption in party and government organs and join the current endeavor to improve the economic environment and rectify the economic order.

This suggestion was made by Rui Xinwen when he read out a message of congratulation at the opening ceremony for the 10th Congress of the Chinese Peasants and Workers Democratic Party on behalf the CPC Central Committee.

The message also affirmed: The CPC will give all-out support to the work of every democratic party, actively create conditions for more democratic parties and people without party affiliations involved in making and implementing policies concerning state affairs, and recommend more democratic party people and people without party affiliations to participate in government work.

The message stated: In the current situation, the patriotic unified front must give full play to their strong points, further bring very positive factors into play, consolidate and develop the political situation of stability, unity, democracy, and harmony to ensure the successful progress of the improvement of the economic environment, the rectification of the economic order, and the deepening of reform.

In dealing with the relations between the CPC and democratic parties, the message stressed: At the crucial period of China's reform and construction, it is all the more necessary for the CPC and democratic parties to get closely united, to stand together through thick and thin, and to undertake the important tasks entrusted by history. The CPC will continue to unswervingly implement the policy of "existing side by side for a long time, supervising each other, treating each other with all sincerity, and sharing weal and woe" among democratic parties, persist in improving and enriching the multi-party cooperation system under the leadership of the CPC and the political consultation system, and bring their inherent strong points into fuller play.

The message of congratulation of the CPC Central Committee also highly appraised the significant contributions made by the Peasants and Workers Democratic Party in the new-democratic revolution and socialist revolution and construction, calling it a close, friendly party of the CPC.

The Chinese Peasants and Workers Democratic Party is one of the eight democratic parties in China. Its predecessor was the Interim Action Committee of the KMT founded in 1930. Now it has 35,000 members.

The "10th Congress" of the Peasants and Workers Party which opened today will examine and approve the work report of its 9th Central Committee, adopt a new constitution, and elect members of a new-session central leading organ.

Zhou Gucheng, executive president of the congress presidium, presided over this morning's session and delivered a speech. On behalf of the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the China Zhi Gong Dang, the Jiusan Society, the Taiwan Democratic Self-Government League, and the All-China Federation of Industry and Commerce, Sun Qimeng, chairman of the Central Committee of the China Democratic National Construction Association, delivered a congratulatory speech.

On behalf of the preceeding Central Committee, Lu Jiaxi, vice chairman of the Ninth Central Committee of the Peasants and Workers Party, made a work report at the congress. The three-part report successively dealt with the achievements made by the Peasants and Workers Party over the last 5 years, put forth five suggestions for future work, and set demands on strengthening itself organizationally and ideologically.

Wu Xueqian, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council as well as Rui Xinwen, Song Renqiong, Peng Chong, Yang Jingren, and Cheng Siyuan attended the congress to extend congratulations and had a group photo taken with the entire representatives.

CPC Central Committee Greeting
*OW1111083288 Beijing XINHUA Domestic Service
in Chinese 1714 GMT 9 Nov 88*

[Text] Beijing, 9 Nov (XINHUA)—Congratulatory Message from the CPC Central Committee to the Chinese Peasants and Workers' Democratic Party's 10th National Congress

Fellow Deputies, Comrades:

At the ceremonial opening of the Chinese Peasants and Workers' Democratic Party's 10th National Congress, the CPC Central Committee extends its warm congratulations to the congress and a heartfelt salute to all deputies and, through you, to all members of the Peasants and Workers' Democratic Party.

The Chinese Peasants and Workers' Democratic Party, since its founding in 1930, has continuously advanced along the road of national liberation, the people's revolution, and socialism, and made important contributions to the new democratic revolution and socialist revolution and construction in China. Over the past 10 years, it has supported the four cardinal principles and the line, principles, and policies on reform and opening, actively participated in national political life and the discussion and implementation of major policy decisions, and mobilized the large number of its members and masses of people associated with the party to dedicate themselves to reform and construction and use their talents to reform and rejuvenate China's medical, health, educational, and scientific and technological undertakings, thereby scoring remarkable advances in promoting the building of socialist material and spiritual civilization and reunification of the motherland. The Peasants and Workers' Democratic Party, which has established a profound friendship while sharing weal and woe with the CPC during a long-term cooperation, deserves to be called a close friend of the CPC.

Comrades, this is the 10th year of China's reform. The great achievements made in reform and opening over the past decade have invigorated the national economy, built up our economic strength, and markedly improved the people's livelihood. The steadily developing socialist democracy has given a strong impetus to promoting unity among nationalities and social stability. However, difficulties and problems currently do exist. The 13th CPC Central Committee's 3d Plenary Session, after making a comprehensive analysis of the current situation and under the premise of upholding the general principle and policy of reform and opening, has put forth the guiding principles and policy measures for improving the economic environment, rectifying the economic order, and deepening the reform in all fields. These guiding principles and policy decisions have been acclaimed by the people across the country and supported by all democratic parties. We are convinced that so long as the people in the whole country work hard

with one heart and one mind, we will surely fulfill the arduous tasks laid down by the 13th CPC Central Committee's 3d Plenary Session.

The Patriotic United Front should bring into play in the current situation its superiority, further mobilize all positive factors, and consolidate the political situation, which is characterized by stability, unity, democracy, and harmony, to ensure smooth progress in improving the economic environment, rectifying economic order, and deepening reform. The history of China's revolution and construction has borne out the fact that close cooperation between the CPC and all democratic parties is a major guarantee of overcoming difficulty and winning victory. As China's reform and construction enters a critical stage, it has become even more necessary for the CPC and democratic parties to unite closely and stand together through thick and thin in jointly shouldering the heavy mission entrusted upon us by history. The CPC will continue to implement the principles of "long-term coexistence and mutual supervision" and of "treating each other with all sincerity and sharing weal and woe" toward the democratic parties, and persist in improving and enriching the system of multiparty cooperation and political consultation led by the CPC so as to further display its inherent superiority. The CPC will go all out to support and create conditions for the work of all democratic parties, invite more democratic parties and people without party affiliation to take part in the formulation and execution of national policy decisions, and recommend more people from the democratic parties and people without party affiliation to join the work of the government. The CPC welcomes the democratic parties' participation in the work of improving the economic environment and rectifying economic order, and suggests that all democratic parties establish a system to expose, supervise, and examine corruption by CPC members and government functionaries. We can expect that cooperation between the CPC and democratic parties and people without party affiliation will further expand along with progress in political structural reform and the development of socialist democracy in China.

The Chinese Peasants and Workers' Party Congress will discuss the current situation, formulate its principles and tasks, revise its constitution, and elect a new leading body with much younger members. We are convinced that the congress will further unite all members of the party, uphold and carry forward the fine tradition of long-term cooperation with the CPC, hold aloft the banner of socialism and patriotism, and make a concerted effort to build socialism with Chinese characteristics and contribute to the magnificent goal of rejuvenating the Chinese nation and unifying the motherland together with the CPC and all Chinese people.

May the Chinese Peasants and Workers Party's 10th National Congress be a great success!

[Signed] The CPC Central Committee

[Dated] 9 November 1988.

Lu Jiayi Named Chairman

OW1511050788 Beijing XINHUA in English
1247 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—Lu Jiayi, the 73-year-old former president of the Chinese Academy of Sciences, was elected chairman of the Chinese Peasants and Workers Democratic Party, at the first plenum of the party's tenth Central Committee here this morning.

A noted scientist, Lu had been a senior member and vice chairman of the party, one of the country's eight non-communist parties, for years.

Lu is concurrently vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference; executive chairman of the Presidium of the Chinese Academy of Sciences and vice-chairman of the China Association for Science and Technology.

Other Leaders Elected

OW1511001488 Beijing XINHUA Domestic Service
in Chinese 1419 GMT 13 Nov 88

[Text] Beijing, 13 Nov (XINHUA)—Shen Qizhen, former vice chairman of the Chinese Peasants and Workers Democratic Party Central Committee, was elected chairman at the first plenary meeting of the party's Central Consultative and Inspection Committee held today.

The 82-year-old Shen Qizhen, a native of Hunan Province, currently is an Academy of Medical Sciences professor, Standing Committee member of the National CPPCC Committee, and Chinese Academy of Sciences scientific councillor.

At the party's current national congress Shen Qizhen resigned from the party's Central Committee vice chairmanship at his own initiative.

Ye Jiequan, Li Jiansheng (female), Guo Xiuyi (female), Deng Haoming, Li Jiezhi, and Mei Rixin were elected vice chairpersons to the Central Consultative and Inspection Committee.

Zhou Gucheng Resigns

OW1311194788 Beijing XINHUA in English
1547 GMT 13 Nov 88

[Text] Beijing, November 13 (XINHUA)—The new Central Committee of the Chinese Peasants and Workers Democratic Party (CPWDP) was elected at its Tenth National Congress here today.

One of the eight non-communist political parties in China, CPWDP's new Central Committee includes 160 members and 25 alternate members. A new Central Counselling and Supervisory Committee, which consists of 87 members, was also elected today.

Ninety-year-old Zhou Gucheng, a well known democratic personage and historian, resigned as the chairman of the Central Committee of CPWDP at the congress because of advanced age.

Zhou became the chairman of the Central Committee of CPWDP in 1987.

The congress which opened last Wednesday closed today.

CPWDP was originally organized in 1927 as the China Revolutionary Party. It took the present name in 1947. Its members mainly worked in the medical, cultural, educational and scientific fields.

New Constitution Adopted

OW1111141688 Beijing XINHUA Domestic Service
in Chinese 0917 GMT 10 Nov 88

[Text] Beijing, 10 Nov (XINHUA)—The Chinese Peasants and Workers Democratic Party's 10th National Congress adopted the party's new Constitution today. The new Constitution further clarifies the party's characteristics as a political union dedicated to the socialist cause.

The new Constitution of the Peasants and Workers Democratic Party contains 37 articles of general principles and 6 chapters. It clearly and definitely stipulates that the Peasants and Workers Democratic Party is mainly composed of intermediate-level and advanced-level intellectuals from the medical, public health, scientific and technological, and cultural and educational circles.

The new Constitution stipulates: The Peasants and Workers Democratic Party takes the People's Republic of China Constitution as the norm for its activities, holds aloft the banners of socialism and patriotism, works under the guidance of the basic line of the initial stage of socialism, strives to promote the development of productive forces, and struggles to build China into a prosperous, democratic, and modern socialist country with a well-developed culture.

According to the new Constitution, the basic tasks of the Peasants and Workers' Democratic Party are: to uphold the system of multi-party cooperation and political consultation under the leadership of the China's Communist Party, adhere to the principle of "long-term coexistence and mutual supervision, and of treating each other with all sincerity and sharing weal and woe," participate in government and management of state affairs, take part in consultation concerning major national policies and important problems regarding the masses' livelihood,

exercise democratic supervision, and fully play a positive role in the political life of the country; to support and participate in reform and opening to the outside world, actively promote the reform of the economic structure and the political structure, maintain the political situation of stability, unity, democracy, and harmony, and strive to serve socialist economic construction and the development of democracy and the legal system; to be dedicated to the reform of medical and public health undertakings and to raise the level of the people's health; to promote the development of science, technology, culture, and education, and improve the ideological and moral quality and the scientific and cultural quality of the whole nation; to protect the people's democratic rights, represent the legitimate rights and interests of its members and the intellectuals with whom it is connected, reflect their opinions and demands, advocate respect for knowledge and for talented people, and stand for raising the intellectuals' social status and bringing into full play their initiative to work for the 4 modernizations and China's development; to support and promote the policy of "one country, two systems," promote exchanges and friendly activities with Taiwan compatriots, Hong Kong and Macao compatriots, and Overseas Chinese compatriots, enhance mutual understanding, promote great patriotic unity, and make concerted efforts for the great cause of the motherland's reunification; to promote friendly exchanges with the peoples and relevant organizations of foreign countries, promote mutual understanding and cooperation with them, and contribute to peace and development; and to make self-improvement, carry forward the fine tradition of self-education, unite closely, enhance vigor, and forge ahead.

Zhao Instructs Prosecutors To Fight Corruption
OW1211172288 Beijing XINHUA in English
1500 GMT 12 Nov 88

[Text] Beijing, November 12 (XINHUA)—Chinese leader Zhao Ziyang has instructed China's procuratorial bodies (prosecutors' offices) to mount a major new effort against embezzlement and bribery.

Zhao's remark's, made at a meeting last month, were made public today by Liu Fuzi, chief prosecutor of the Supreme People's Procuratorate, and are widely regarded as further evidence that the country's top leadership seriously intends to stamp out rampant official corruption.

Liu told a working conference of chief procurators, which closed here today, that despite continuous crackdowns embezzlement and bribery have become the most serious problems facing Chinese law enforcement officials.

Since 1982, when China began handing out tougher sentences for criminal acts, more than 70 percent of the 200,000 economic crimes handled by prosecutors' offices have involved embezzlement and bribery.

From July to September, China's procuratorial bodies investigated a total of 47,000 complaints, 17,000 of which were concerned with suspected cases of embezzlement or bribery involving 13,000 state employees, Liu said.

Since 1982, Liu added, procuratorates have prosecuted 24,400 serious embezzlement and bribery cases, each involving at least 10,000 yuan.

He urged all chief procurators to give priority to severely punishing those found guilty of embezzlement or bribery, which is regarded by the public as the major form of official corruption.

Liu said that reporting centers and telephone hotlines have been set up to provide an effective means of safeguarding citizens' democratic rights and supervising government bodies and officials.

These services, he said, should be further extended and prompt information on the results of investigations should be given to the public.

Liu also asked procurators to pay special attention to prosecuting officials charged with illegal speculation and other economic crimes. However, caution must be exercised and illegal means must be avoided in handling all cases, Liu added.

China now has 3,400 procuratorates and operates 2,100 reporting centers or hotlines, which are staffed by 25,000 procurators specializing in the investigation of illegal economic activities.

Li Peng Issues Order on Foundation Management
OW1511031188 Beijing XINHUA Domestic Service
in Chinese 1255 GMT 11 Nov 88

[Text] Beijing, 11 Nov (XINHUA)—Order by the State Council of the People's Republic of China.

No 18.

The "Foundation Management Measures," approved by the 21st Executive Meeting of the State Council, is hereby promulgated for implementation.

[Signed] Premier Li Peng

[Dated] 27 September 1988

Commentator Views Rectification 'Obstacles'
HK1311080088 Beijing RENMIN RIBAO
in Chinese 12 Nov 88 p 1

[Commentator's Article: "We Certainly Cannot Have Earnest Words Falling on Deaf Ears"]

[Text] The policy decision on improving the economic environment and straightening out the economic order is penetrating ever more deeply into people's minds. During the brief period since the 3d Plenary Session of the 13th CPC Central Committee, many localities and units have adopted measures to curb economic overheating, cut capital construction, and strictly control institutional purchasing power. They have also carried out rectification to deal with aspects upon which the masses hold very strong views, such as the upsurge of prices and the phenomenon of "official profiteers," together with confusion in the circulation field. The masses welcome this.

This good momentum shows that, as the spirit of the 3d Plenary Session of the 13th CPC Central Committee is implemented, the majority of comrades have gained a relatively sober understanding of China's current economic situation and have started to pay attention to handling properly the relationship between the interests of the partial and those of the whole. This good momentum also shows that so long as the whole party unifies its thinking and action on the basis of gaining clear understanding, it is completely possible to overcome the difficulties and problems we have encountered in reform. Even in the case of two phenomena termed chronic diseases—the swelling growth of investment and the rise in institutional purchasing power—certain localities and units are this time acting in the spirit of strict enforcement of orders and prohibitions by resolutely cutting nonproductive and duplicate construction and that portion of institutional purchasing power that constitutes extravagance and waste. Their moves have boosted our confidence in curbing inflation.

Of course, there is another aspect to the current situation, one that merits attention: The comrades in certain localities and units lack sufficient understanding of the importance and urgency of resolutely cutting social demand and curbing inflation. Some comrades also clamor about carrying out retrenchment, but what actually happens is, as the masses describe, there is loud thunder but only a few drops of rain. No matter that the central authorities earnestly have given repeated injunctions, these comrades do as they please, and the words fall on deaf ears. The vision of these comrades is limited to the interests of their area or department; they procrastinate and move only slowly with regard to improvement and rectification; they are always thinking of hanging onto more projects and cannot summon up the resolve to cut them.

Generally speaking, the reasons for the emergence of this phenomenon are as follows: First, some comrades have a one-sided understanding of the productive forces criterion, holding that the criterion for judging whether one's

performance is good or bad is to look to see how many capital construction projects have been undertaken with "stylish office buildings, auditoriums, halls, and guesthouses and rapidly mushrooming enterprises." Hence, they blindly pursue size and speed in construction and pay no heed to returns and results; they think up all kinds of ways to find loopholes for launching projects. Second, some comrades are afraid that those who cut back first will come off the worst. These comrades emphasize the special conditions of their areas and departments and fear that retrenchment will sap vitality. They thus worry and hesitate over improvement and rectification and make various deductions from it. Third, some comrades turn through the old almanac, holding that the various retrenchments of the past were nothing more than gusts of wind and that "everything will flourish again after the wind has passed." They therefore pass the buck between one other in carrying out improvement and rectification; they appear to make cuts but do not in fact do so, and they fail to enforce orders and prohibitions.

These ideas do not help in implementing the spirit of the Third Plenary Session and have already become obstacles to curtailing social demand and curbing inflation. These ideas must be rapidly corrected.

It is a fact that the size and speed of construction form one aspect of reflecting the state of development of the productive forces, but we must not get away from reality when thinking about problems or doing things. The current main menaces are economic overheating and inflation, and there are also shortages of energy, raw materials, and transport. The method of striving to launch projects in a hotheaded fashion without the slightest thought for the overall national economic situation can only result in aggravating the inflation and the already sharp supply-demand contradiction, thus hampering the progress of deepening reforms and the development of all construction, and even damaging the fruits of 10 years of reforms. We must strictly curb this kind of "size" and "speed" that damages the long-term development of productive forces. Viewing the economic situation at present and for a time to come, we should focus our efforts on improving economic returns and labor efficiency. To do this means truly firming up the work of developing productive forces. Those comrades who fear to get the worst of it and stress their special problems should think more about the overall picture and about small reasoning being subordinate to big reasoning. The whole country will suffer if central finances cannot hold up. The method of being impatient for success, heedless of the conditions, can only result in more haste, less speed, and still more serious damage. On top of that, unless inflation is put under control, the harm it does will make no differentiations between one's partial interests. Hence, we must strive to get rid of the unorganizational and undisciplined viewpoint of laying excessive stress on partial interests. It must also be pointed out that this improvement and rectification is a fundamentally great scheme related to whether 10-year reforms can proceed smoothly; the central authorities have summoned up the greatest resolve to grasp this work through to the end. It is

absolutely not just a gust of wind. Comrade Zhao Ziyang pointed out in his report to the 3d Plenary Session of the 13th CPC Central Committee: "This is not just a serious economic issue; it has also already become a major political issue." The comrades of all areas and departments must clearly understand this situation and their own responsibility, correct their attitude, and actively and enthusiastically contribute their efforts to making a success of improvement and rectification.

The task of improving the economic environment, rectifying economic order, and comprehensively deepening reforms is extremely arduous. To fulfill this task, the whole party must unify thinking and action, and party organizations at all levels must uphold the authority of the CPC Central Committee and carry out its orders; we certainly cannot have earnest words falling on deaf ears. Whether they can regard the overall situation as the most important thing and resolutely carry out the central policy decision is currently the most realistic test and examination of the party spirit of all party members. The party members should play a vanguard and model role in the current crucial stage.

Article Views Future Reform Situation, 'Crisis'
HK1211051188 Shanghai SHIJIE JINGJI DAOBAO
in Chinese 24 Oct 88 p 7

[Article by Su Shaozhi (5685 4801 2535) and Wang Yizhou (3769 6654 5297) from London: "Crisis and Thought—On Current Situation and Next Step of Reform in China"—First two paragraphs are SHIJIE JINGJI DAOBAO's introduction]

[Text] Experiences and the theoretical logic of various countries have shown that changing from a highly concentrated planned economy into a market economy characterized by free competition, is a process which is not without pain and or a price. On the contrary, we shall face and pass barriers such as inflation, price hikes, bankruptcy of enterprises, unemployment of workers, money worship and fetishism which accompanies the establishment of a commodity economy. What kind of development do we wish to achieve? How should we maintain the spirit of progress, unity, and vigor? How should we coordinate economic progress with the progress of society and man?

The diversification and nonmonopolization [fei long duan hua 7236 1096 2451 0553] of the ownership structure, and the gradual socialization of the property rights [chan quan 3934 2938] is a prerequisite for reform aimed at integrating our price system with the market. In agriculture, it is necessary to raise and attach importance to the slogan of "carrying out agricultural reform of the second stage." What is urgent and important is political structural reform. We should first of all, regard the reform of the ruling party, namely the Communist Party, as the core of political structural reform. Furthermore,

we should give up the previous concept of demanding conformity in everything. We should encourage the formation of a diversified and varied cultural and ideological situation.

I

During the past 10 years of reform in China, we have made universally acknowledged achievements. However at present, our economy and society are also facing both an open and concealed crisis. The first implication of the crisis is that our economic situation is grave. The inflation rate is now the highest in the past 40 years. Various phenomena have revealed that there are serious problems in our country's economic "foundation." The other implication of the crisis is reflected in the state of mind of the public. Society and the public expect much of reform, but get little. Therefore, they lack confidence in reform, the future and the leadership. They fail to fully trust and support us, although it is needed in the great undertaking of reform.

II

The experience and theoretical logic of various countries has shown that changing from a highly concentrated planned economy into a market economy characterized by free competition is not at all a process without pain and a price. On the contrary, in promoting such changes we cannot but face and pass several difficult barriers.

The first major barriers are inflation and price hikes. While changing the product economy and ration system into a commodity economy with currency playing an intermediary role in market transaction, there is a demand for rapidly increasing certain money supply. In addition, the increasing implementation of the policy of opening up in the economic field, the readjustment of the price parity of various kinds of products, and the increase of the cash income of the broad masses of consumers, and hundreds of millions of peasants in particular, will inevitably cause inflation to a certain extent, and push up the level of commodity prices. The problem lies in whether the government is able to control inflation to a certain extent, and ensure that inflation will be kept in line with the growth of total social products and the increase in labor productivity. The problem lies in whether the situation can directly serve, or at least, be helpful in reforming the previous irrational price system and establishing a new one, and whether it will be used by some financial departments as a means for "stealthily" increasing financial revenue. The problem lies in whether the situation will be "swallowed up" by state-owned enterprises, which have not yet been reformed, by various means. The problem also lies in whether the situation will cause price hikes which cannot be endured by money savers (investors) and consumers, so that they lose their confidence in reform.

The second barrier is the bankruptcy of enterprises and unemployment. In accordance with the demand of the market economy, the principle of competition, that the best will win and the worst will be eliminated, and the principle of the survival of the fittest will be applied. Those enterprises which are low in work efficiency and fail to make profits will naturally go bankrupt or be eliminated. As far as the whole employment contingent is concerned, a fairly large number of people will lose their jobs because of the bankruptcy of their enterprises. They might also be dismissed because of poor health, or low working capability. These people, and those who are waiting for employment in our country, will be a great pressure on, and produce serious social problems for, the government. The abovementioned phenomenon will touch upon our social economy and ideology, and is a great challenge to traditional practice and concepts.

The third barrier is that, with the establishment of the commodity economy, money worship and fetishism will occur in society. We should admit that replacing the product with the commodity economy is a historical leap in the policy of reform and opening up over the past 10 years. The occurrence of the state of mind of taking currency and money as everything, and "putting money above everything else" is an indispensable stage in the establishment of a stable, orderly, and normal market economy (although this is an early and primitive stage). Money worship and fetishism are the most effective pounding and attack on power worship. However, merits and demerits are not absolute, nor unchangeable. Sometimes the independence of man means the isolation of man and the loss of his collective sense. Due to blind worship of money, some people might do anything unscrupulously, or disregard morality and justice. The widening of the income gap and the fact that "some people have become rich first" might make certain people, or stratum lose their dignity and disregard the opportunity. Such a new situation in our social economy is a new challenge to the rulers, economists, and everyone. What kind of development should we achieve? How should we maintain the spirit of working hard to make progress, unity, and vigor? How should we coordinate our economic progress with our social progress and the progress of man (in particular)?

III

The diversification and nonmonopolization of the ownership structure, and the gradual change and socialization of the property rights of the state-owned enterprises are an essential and most important condition for the reform aimed at integrating our price system with market. Without a free enterprise system which operates in accordance with market rules and regulations, and gets rid of the control of the administrative pyramid, even the best plan for price reform will not play its role: The lessons of Hungary, Poland, and other countries have shown this. It is clear that because property and workers belong to the state, the market logic of bankruptcy and unemployment is unable to stand its ground. As the

production, supply, and marketing of enterprises, and leaders, still rely considerably upon the administrative network, "market price," which is not in the form of free competition, can, at best, play the role of "rectifying a deviation" and measurement. The most important reason why the post-war monetary reform in Federal Germany was successful, and why some countries and regions in East Asia and South America succeeded in establishing a flexible price system, was that the establishment and abolishment of enterprises and the development of their operations is a free and economic conduct which is not determined by politics and the will of the state. A free price system and free enterprise system are the two fundamental signs of the market economy, and the formation of a free price is determined by the establishment of free enterprises.

As our economists have pointed out in debates in recent years, the implementation of the share system is the most effective method for changing the state-owned monopoly system and re-defining property rights of enterprises. In the present stage, we should take the best opportunity to vigorously promote the implementation of the share system, to turn the slogan of the share system into practical action, and to turn partial experiment into an overall reform. However, there are two points which we should explain further. First, the share system does not mean "apportion of shares" in the course of raising funds. It is not "bonds and debentures" in certain East European countries and some parts of our country, which can only be bought, but cannot be sold. The share system does not mean the "patent" of some "advanced" or monopolized enterprises. On the contrary, the share system should be formed amid competition in which all enterprises participate. Any persons, units or groups should be allowed to buy and (in particular) sell their shares. We should encourage advanced enterprises, spur on backward enterprises, make use of idle funds in society, and arouse people's desires for making investments. Second, the economy based on the share system does not only mean the establishment of enterprises on the basis of the share system, but also mean the use of various social economic resources on the basis of the principle of compensation, cost comparison, and letting the best win and the worst perish, the principle of fair competition, and free advance and retreat. The share system will cover real estate, labor force, means of production, technology, funds, foreign exchange, debentures, bonds, and others. These items will be governed by the market (rather than administrative) distribution system.

IV

At present, the most urgent task, and the task with the greatest operational significance for us to complete is the fundamental reform of our financial and banking system. This kind of reform will produce a marked effect on bringing inflation under control and improving the economic environment. Basically speaking, this will cut off the "blood vessel" through which enterprises stretch

themselves to the "state treasury." This will be beneficial to the promoting of the commodity economy and the independence of enterprises.

We are now still pursuing a "unified" banking system. The general scale and proportion of the interest rate and credit are still determined by the central authorities. Therefore, banks can only slightly control, or can do nothing at all to control the unreasonable demand for loans put forward by those backward enterprises. It is difficult for them to support development projects of enterprises in terms of preferential interests. In a word, our banking and financial system has not yet been commercialized, and has not yet become an organic component part of the commodity economy. The situation of inflation is inseparable from the "interlocking links" whereby enterprises ask the state for more money, the state demands an overdraft from the banks, and the banks print more banknotes.

V

Agriculture is the foundation of the entire national economy. It is also a foundation which will determine whether our reform can advance steadily, and eventually be successful. This is undoubtedly true to a country like China whose rural population composes the majority of the population.

In the final analysis, panic purchasing, which occurred not long ago, has shown that our economy is still an economy of shortage [duan que de jing ji 4252 4972 4104 4842 3444]. The short supply of foodstuffs and light industrial products has revealed the weakness of agriculture which is a main basis for development. People were once misled by false appearances of the "surplus of agricultural products (the so-called difficulties in selling cotton, edible oil and pork). They wrongly thought that the agricultural problem in China had been completely solved. Influenced by such an idea, we improperly changed the consumption structure and encouraged consumption, and lopsidedly developed some processing undertakings which consumed a large quantity of agricultural products (such as production of beer). We considerably reduced our investment in agriculture, and drastically widened the "scissors difference" between the prices of industrial and agricultural goods. As a result, the enthusiasm of peasants for planting grain and cotton was dampened, and our agricultural production stagnated. Furthermore, although during a period of time, the system of contracted responsibilities on the household basis significantly boosted productive capacity, the efficiency of this system which relies on the expansion of labor intensity to make progress is, after all, limited. Furthermore, due to the fact that farmland has been cut apart, and divided into small plots, and that the level of mechanization, of bringing all farmland under irrigation, and of garden-style cultivation has declined, agricultural development has again been restricted. Besides, due to reasons involving concepts and policies, the process of

turning Chinese peasants from "small" commodity producers into "big" commodity producers has been constrained, because this involves a series of new problems, such as hiring of labor, concentration of land, large-scale operation, capital, the rise and fall, and amalgamation of specialized households, and township and town enterprises, and so on. Lastly, it should be pointed out that due to the relaxation of our efforts exerted on family planning, our population growth has been very fast in recent years. The average annual net increase is more than 15 million, but our agricultural production output has stagnated. This has caused a drastic drop in per capital agricultural production output. Therefore, short supply of agricultural goods cannot be avoided.

There is no solution that holds good for all time. The only thing we can do is to adopt some measures which suit the remedy to the case. We believe that it is necessary to put forward and attach importance to the slogan of "carrying out agricultural reform of the second step."

VI

The importance and urgency of political structural reform has been markedly demonstrated due to the occurrence and aggravation of the economic and social crisis.

Let us briefly analyze the following two current topics for conversation for which people have shown concern.

1. Commodity prices have increased by a wide margin. There was no doubt that in the preceding stage, price hikes were connected with our failure to make full preparation and correct estimation in the course of making policy decisions. This was also connected with the blind rush purchase of the masses and the efforts of individual traders to force up commodity prices. However, the most important reason contributing to price hikes was that we failed to exercise control over excessive monetary issue. Under such circumstances, who has the capability of adding fuel to the flames of price hikes? Let us consider the question carefully: Who has the capability in pushing up the price levels in our entire economic life by such a wide margin, and on such a large scale? Only those medium and large state-owned enterprises and the so-called "government profiteers" who are supported by the administrative bureaucratic system, and possess a large quantity of resources and information can do so, because their products, product mix, and productive capability can influence the entire society and economy. Just think, can the price increase of fruit and vegetables sold by individual peddlers affect the general price index? Do some enterprises and "government profiteers" not cause panic in society because they make use of the "double-track system" to force up the prices of coal, electric power, steel products, cement, various kinds of raw materials, and other products? It is not difficult to get the answer. If we let bureaucratic administrative methods of the state continue to control our economic lifelines, and if we still

tolerate those "government profiteers" who continue to abuse their power for private gain, it is hard to imagine that our price reform and economic reform in a broader sense will be successful.

2. Why is the corrupt phenomenon in certain party and government organs so serious? It is easy to answer this question. First, certain persons or organs have excessive power in their hands. Second, no control or supervision is exercised over the use of the power. "Power is liable to lead to corruption, and absolute power will cause absolute corruption." This maxim is of permanent significance.

There are two methods which can be used to overcome corrupt phenomenon. First, we can rely on ideological education, administrative action, discipline, and criticism of those who "behave themselves," the consciousness of people, and the role of advanced members to execute one as a warning to a hundred to unify people's thinking. In so doing, we enforce party and government discipline, punish corrupt officials, suppress impermissible behavior, so that the public in society will feel at ease. Second, through re-designing our structure, so that various component parts of our power will condition each other to maintain a balanced situation. This will ensure that individuals and organizations will not possess absolute and uncontrollable power. In the meantime, through the formulation and perfection of a whole set of laws and regulations, we will be able to create and maintain a stable situation. When an excessive and overheated situation occurs in our political life and social economy, we will be able to automatically overcome these defects through the existing system (rather than through the will of individuals or organizations). Traditional society relies on the first method, whereas modern society relies more on the second.

There is no doubt that while carrying out political structural reform in China, which is aimed at political modernization, we should adopt the modern method and ways for political reform. First of all, we should regard the reform of the ruling party, namely the communist party, as the core of political structural reform. We should understand the position, role, and working method of the communist party in the new period, so that we can gradually perfect democracy inside the party. We should ensure that relations between the communist party and various democratic parties, mass organizations, and social organizations will be based on mutual conditioning and mutual supervision. We should also ensure that under the guidance of the party, relations between government organs, and the people's congress, CPPCC, and judicial organs should be characterized by independence and mutual conditioning. Furthermore, we should abolish the previous concept of demanding conformity in everything. We should encourage the occurrence of a diversified and varied cultural thinking and ideology. Here, the criticism and supervision of public opinion will play a particularly important role. It is true that party newspapers and journals are the "mouthpiece" of the party. However, we should not

demand that all mass media become the "mouthpiece" of the party. Various newspapers and magazines must have their own characteristics, viewpoints, and inclinations. They should become the representatives of various increasingly varied social, economic, political and cultural interests, and the most convenient and effective means for lashing corruption, exposing the seamy side of life, restricting prerogatives, upholding the truth, singing the praises of progress, and advocating democracy.

Reform in China, which has attracted worldwide attention, has been carried out for 10 whole years. During reform over the past 10 years, we have achieved successful experiences, and drawn bitter lessons. Today, we are facing both crisis and hope. Whether we can pass the barrier and make a new step is determined by whether we can sum up experiences and correctly draw lessons from past mistakes.

Separation of Party, Government Tasks Difficult
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[Article by Zhong Guoxing (6988 0948 5281): "A Way To Separate the Functions of the Party From Those of the Government"]

[Text] The problem of separating the functions of the party from those of the government has been posed for several years and the 13th CPC National Congress again further made a deepgoing principled provision. This problem has been continuously emphasized for many years. This shows that our party has attached importance to it but on the other hand, also shows that this problem has involved great difficulty.

Difficult Points in Practice

Where do the difficult points of the problem of separating the functions of the party from those of the government lie? In practice, party cadres, administrative cadres, ordinary party members, and the masses have all deeply experienced them:

Not all party committee secretaries are unaware of the righteousness of a cause. Some are determined to hold vested power without releasing it, but are frequently at a loss as to what to do between adhering to party leadership and separating the functions of the party from those of the government. Their doubt is: Does the party administer party affairs only? What other affairs does the party administer if it does not administer only party affairs? If the party makes a policy on an "important matter," how is an important matter differentiated from a general matter?

Administrative chiefs and deputies also have vexations: It is a system of an administrative chief assuming full responsibility in name but important matters are left to a party standing committee to decide. Furthermore, some administrative deputies cannot join a standing

committee and discipline inspection commission secretaries, propaganda department directors, and organization department directors are generally standing committee members. How can an administrative chief be held responsible if the policy-making power is mainly outside the administrative scope? Moreover, as the importance of many problems is relative, do the secretaries have the final say or do we have the final say?

Ordinary cadres, party members, and the masses also have topics which they do not understand: When "centralization" was carried out at the outset, so long as a secretary gave an order, who would not listen? Now that the functions are separated, each gives his own order and people are at a loss as to what to do. How can it be called the system of an administrative chief assuming full responsibility if a secretary takes the responsibility for making a decision on an important matter? How can party leadership be adhered to if a secretary does not take the responsibility for making a decision on an important matter? Some people shake their heads at the phenomenon of "discord between a general and a prime minister" and regard it as a "scramble for power and profit."

People who have studied this problem think, and some practical workers, also point out: If such dispute over trifles cannot be settled, it would be better to merge the party and government into a single whole; No. 1 men of the party should be administrative chiefs concurrently.

Everybody has a reason for his view. The exposition here does not definitely mean that it is unnecessary to separate the functions of the party from those of the government but only intends to make people deeply ponder the following: How can this difficult problem of separating the functions of the party from those of the government be rationally solved?

The Crux of the Problem

No need for reticence, it is really difficult to choose between adhering to party leadership and separating the functions of the party from those of the government. The so-called leadership means that it is essential to participate in making a decision on an important problem; otherwise, it cannot be called leadership. The so-called separation or functional separation means that each attends to his own duties and holds himself responsible.

To solve this difficult problem of choosing between both of them, people previously made efforts to find and determine the boundary line for the important problems which should be left to the party to decide. Nevertheless, the so-called important problems are not a category of independent problems but, because of the degree of importance, are singled out from among many problems frequently dependent on people's judgment.

Therefore, this boundary line could not be precisely drawn from beginning to end; it was difficult to draw an excessively precise boundary line. Only a rough boundary line could be drawn.

Since this boundary line cannot be drawn too precisely, we cannot expect that the problem of separating the functions of the party from those of the government can be thoroughly solved in this manner. We must further explore other ways.

In fact, the separation of the functions of the party from those of the government not only is the distinction between what is administered by the party and what is administered by the government but also is determined by the difference between the policy-making modes of the party and government. If the party and government adopt a completely identical or basically identical mode of operation and the contents cannot be thoroughly separated, like two trains running on the same track, an accident of overtaking each other and collision can hardly be avoided.

In the past, our party's policy-making mode was extremely similar to the administrative policy-making mode. In the period of democratic revolution, as the CPC was in a war environment for a long time, it could not but adopt a military top to bottom command system; everything was to be decided by the principal responsible persons of the party. So far as the lower levels were concerned, the upper-level decisions were orders, which had to be carried out. After the founding of our country, the environment changed and this policy-making mode was already unsuitable. From the founding of our country to the middle of the 1950's, our party, therefore, consciously changed this situation. At that time, the higher the leadership level of the party, the more democratic atmosphere it had. Subsequently, because of the increasing aggravation of the situation in grasping the "class struggle" and in substituting the party for the government, the democratic atmosphere gradually vanished and the administrative policy-making mode which was similar to the military policy-making mode was strengthened again and occupied a predominant position. Therefore, the principle "responsible persons" of the party had the final say in and decided everything. Particularly in the period of exercising "unified" leadership, as "No. 1 men," the secretaries were the figures who meant what they said and who held great power at all levels. Thus, as an administrative organ, the party replaced the administrative organizations and party leaders at all levels. The party virtually became administrative chiefs and replaced administrators.

As the secretary was in a position to arrogate all powers to themselves, there was surely very little contention for "who on earth had the final say." What reform demands is the system of administrative chief assuming full responsibility so that the position of the administrative chiefs is made prominent. The party has been regarded

as an administrative organ for a long time. The policy-making mode in which the secretaries have the final say has not thoroughly changed, and there is no clear and definite boundary line between the important and general problems; the conflict of policy making, the so-called "discord between a general and a prime minister," will inevitably occur. People have often simply come to the conclusion that it is a scramble for power and profit among individuals, but the root of the policy-making mode is actually hidden. So long as these identical policy-making modes exist and a secretary has the power to make a decision on an important matter, the situation which is likely to emerge will be: If the working and policy-making ability of a secretary and an administrative chief is relatively strong, a conflict is frequently inevitable; if the ability of an administrative chief is stronger than that of a secretary, the system of administrative chief assuming full responsibility can be basically implemented; if the ability of a secretary is stronger than that of an administrative chief, the situation in substituting the party for the government cannot be completely avoided. If both of them can work in a coordinated way, everything will function more smoothly. Under such circumstances, whether or not there is a discord "between a general and a prime minister" is determined by the quality of the individuals.

If the functions of the party are separated from those of the government under identical policy-making modes, it is evidently difficult to attain a relatively ideal state. The necessity of straightening out the relations between the party and the government and transforming the party's policy-making mode has, therefore, become a very important key link.

Enlightenment From Deng Xiaoping Thought

Long ago, Comrade Deng Xiaoping noted the problems existing in the party's policy-making mode. Since the 3d Plenary Session of the 13th CPC Central Committee, he has given many expositions in this aspect. These expositions have played a part in guiding the reform of our party's policy-making mode. It is, no doubt, a kind of enlightenment when we review the relevant expositions.

As early as 1980, when Comrade Deng Xiaoping was talking about reform of the party and state leadership systems, he pointed out: "The phenomenon of excessive centralization of the powers is that all powers are centralized in a party committee unsuitably and not analytically under the slogan of strengthening the unified leadership of the party. The powers of the party committee are frequently centralized in several secretaries, particularly in the first secretary. The first secretary takes command of and has the final say in everything. The unified leadership of the party, therefore, often changes to individual leadership." Therefore, this whets the work style of the patriarchal system, so much as that "many places and units have patriarchal figures, whose power is not restricted and whose order must be obeyed by the other people, and personal attachment relations are even

established." How can this situation be changed? He emphasized the exercise of collective leadership. "Party committees at all levels must really implement the system of integrating collective leadership with division of labor and individual responsibility. It is essential to define which problems are to be discussed by the collectives and which problems are to be dealt with by the individuals. The important problems must be discussed and decided by the collectives. In making a decision, it is imperative to implement the system of the minority being subordinate to the majority and each having one vote. Each secretary has one vote only and the first secretary cannot have the final say." ("Selected Works of Deng Xiaoping")

Why did Deng Xiaoping especially emphasize the exercise of party collective leadership in this period? This was because the phenomenon of the centralization of powers was fairly serious at that time. However, party collective leadership, the separation of the functions of the party from those of the government, and the system of administrative chief assuming full responsibility, which he has emphasized all along, are inseparable. Obviously, if the first secretary still arrogates all powers to himself and has the final say, all forms of the system of chief assuming full responsibility are merely nominal, let alone the separation of the functions of the party from those of the government. We can see that democratic policy-making within the party is an indispensable condition for the implementation of all forms of the responsibility system and for the separation of the functions of the party from those of the government.

The Party's Policy-Making Mode

The exercise of collective leadership has, to a certain extent, changed the phenomenon of the overcentralization of the powers within the party. Although this has not thoroughly solved the problem of separating the functions of the party from those of the government, it has indicated a way for people to choose.

There is a question here which needs an answer: Why is the system of chief assuming full responsibility implemented in administration, whereas the phenomenon of overcentralization of the powers in a person or several persons within the party is opposed? I hold that this is determined by the different nature of the party and government. As everyone knows, the party is a political group and the government is a direct administrator of society. As a direct administrator of society, the government especially needs rapid, resolute, and specific policy making with a mandatory characteristic and such policy making requires the principal responsible persons to have powers in many aspects and clear and definite responsibilities. To make the government work not exceed a rational scope, the government has the restrictions of the people's representative organ and the party behind it. However, the situation of the party is different. As it is a political group, it must be able to fully reflect the will of this group. Obviously, such reflection

and the degree of democracy within the party are inseparable. If the powers of the party are excessively centralized in the hands of a certain person or some leaders and the party members lack a binding force on them, the situation in which the individual will of a small number of persons will replace the will of the group is likely to emerge. The more serious this situation is, the farther the party will depart from its ideal state.

The democratic and group policy-making mode should be the party's basic policy-making mode. In the war environment, the party was forced to adopt a policy-making mode with more military characteristics in the absence of normal conditions. After the founding of the country, the application of the party's policy-making mode in the administrative sphere was caused by the political system of substituting the party for the government. This was a fairly abnormal phenomenon. To change the practice of a certain person or a small number of people making a policy, it is an extremely important target of reform to substitute the democratic and group policy-making mode for it.

Strengthening the Group Policy-Making Mode

Group policy making and collective policy making are the opposites of individual policy making. The transformation from individual policy-making to collective policy making has enabled our party to cast off the various defects merely brought about by individual policy-making in the important problems and enabled the party's policy-making to make an important step more closely in the direction of the will of the group. However, collective policy-making also inevitably has the inadequate places: 1) The scope of the policymakers is, after all, small and cannot fully express the will of the group; 2) collective policy-making enables the powers, which were originally and considerably centralized, to be decentralized in several people, adds to the mutual restrictions among the individuals, increases the chances of contradictions among the individuals, and is disadvantageous to the enhancement of efficiency; 3) what the restrictions among the individuals can achieve is often not a rational restriction of the powers but mutual interference with and a setoff to the powers. Particularly when the complicated individual interests are involved, it is easily shown that collective policy-making is weak and even leads to slack party discipline. From this, we can see that collective policy-making should eventually develop to group policy-making.

Lenin attached considerable importance to group policy-making. He pointed out: "All affairs within the party are to be directly dealt with by all party members who are on equal basis or to be handled by their representatives; furthermore, all responsible persons, leaders, and organs are elected, must make work reports to the party members, and can be dismissed and replaced" ("Complete Works of Lenin" Volume 11 page 418). Since the 3d Plenary Session of the 11th CPC Central Committee, group policy-making has, in fact, gradually played a

more and more important part in our party's work. For instance, several important resolutions were adopted by the party congress and some were even extensively discussed in the party. This has made a good start for our party in bringing group policy-making into play.

How can group policy-making then be further brought into play?

First, it is necessary to strengthen direct democracy in the grass-roots party organizations. The foundation of group policy-making is at the grass roots. Direct democracy must begin with the grass roots. As in the past, if the secretary of an organization with only several, some dozens of, or several hundred party members has the final say in everything and the ordinary party members are only in a subordinate position, it can hardly be guaranteed that the will of the party will not become the will of the individuals. In a middle-sized and small enterprise or a rural township, the party committee generally does not have a standing committee. How can no contradictions between the party and government not be caused if all important matters are to be discussed by a standing committee and the resolutions are to be implemented by the administrative system? In most grass-roots party organizations, the policy-making power must mainly belong to all party members, the system of the standing committee must be abolished, the important problems are to be discussed and decided by all party members together, whereas the power of the party secretaries must be mainly embodied in such functions as convening meetings, doing organizational work, grasping the necessary principles, and conveying information to the upper and lower levels.

Second, it is essential to further give play to the role of the party congresses and committees in the middle-level and upper-level party organizations. In a county, city, and university, there is a party committee, which is independent of the administrative system, is placed above the administrative system, and commands the administrative system. This will easily cause a situation in which the duties of the administrative system are not clear and no one knows who is to be responsible when something goes wrong.

The problem now is how to guarantee the party's effective and restrictive leadership over the administration without substituting the party for the government in specific policy-making. One way out is to abolish standing organs which interfere with administrative policy-making. Prominence must be given to the role of the congresses and committees. Because the number of people is large, the congresses and committees can reflect the will of the groups more and decide the basic orientation without specifically replacing or interfering with administrative policy-making.

Third, while strengthening group policy-making, it is imperative to perfect the system of group policy-making, including a series of provisions on proposal, discussion,

deciding by vote, making reports to the upper levels, examination, and approval so as to guarantee the order, efficiency, and correctness of group policy-making.

Beginning group policy-making with the grass roots not only is beneficial to the thorough separation of the functions of the party from those of the government and to the implementation of the system of administrative chief assuming full responsibility but also can, due to the strengthening of inner-party democracy, enliven the grass-roots party organizations and expand the influence in society of the party as a political group. In doing so, practical leadership over the masses can be stepped up and progress can be made in China's democratization; on the other hand, the party members are given more chances to participate in policy-making in the party and it is advantageous to the supervision of the enforcement of party discipline and to the restraint of administrative defects.

Article Views History of Bureaucrat Profiteering
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[Article by Li Baozhu (2621 1405 2691): "'Bureaucrat Profiteering' in China's History"]

[Text] The phenomenon of individual officials participating in profiteering on the strength of their political special privileges and monopoly in the economy (short for "bureaucratic profiteering") had gone on for 2,000 years in China's history. What was the grounds for the survival of such a long-standing historical phenomenon? What was its relationship with the development of the commodity economy? The studies in these issues are of certain significance in understanding "bureaucrat profiteering," its nature, characteristics, and harm done to social and economic life.

"Bureaucrat Profiteering" in History Was Inseparable From Feudal Special Privileges

Bureaucrat profiteering in history, from the western and eastern Han Dynasties down to the Ming and Qing Dynasties had all along been inseparable from feudal special privileges, invariably depending on which officials were engaged in profiteering.

Dating back to the early western Han Dynasty, Emperor Wen granted Deng Tong, his favorite minister, the right to the proceeds from Tongshan iron mine, Sichuan. Special privileges as such were once abolished during the reign of Emperor Wu, who gave an order to strictly forbid officials from trade. However, when he passed away, with Huo Guang in power the special privileges of officials participating in trade returned. His son Huo Yu took the lead in profiteering by running slaughterhouses and wineshops. During the reign of Emperor Yuan, most of his favorite ministers secretly participated in buying

and reselling. When Emperor Cheng was on the throne, his prime minister Zhang Yu was a bureaucrat as well as a merchant with immense wealth.

During the period of the eastern Han Dynasty, no trade restrictions were placed on officials. Government officials could still enjoy special privileges in profiteering. As a result, profiteering among officials became a craze. The practice was passed down as legitimate to the western and eastern Jin Dynasties as well as the southern and northern dynasties. After the eastern Jin Dynasty, a new special privilege came into being to the effect that tax exemption was granted to bureaucrats in profiteering. Consequently, this intensified the craze for bureaucrat profiteering, "even the dukes and marquesses would build orchards and gardens growing crops, and make profits in the marketplace," while "their examples were being followed, with nobody feeling ashamed."

Bans had been repeatedly promulgated on bureaucrat profiteering, running through the Tang, Song, Ming and Qing Dynasties. However, those bans were never carried out to the word. For example, in the Tang Dynasty, it was found that the practice of bureaucrat profiteering had been too deep-rooted to be corrected, hence, the issuing of a mandate to the effect that all bureaucrats practicing trade be taxed like common people without exception. That was actually giving silent consent to the legitimacy of bureaucrat profiteering. In the early Ming Dynasty, only bureaucrats at and above grade four in the official ranks were prohibited from profiteering. In the early Qing Dynasty, only local officials were banned "from participating in trade by taking advantage of their influences." Under normal conditions, bureaucrat profiteering was actually a privilege with special permit.

Scanning China's history of the feudal society, we may find that the survival of bureaucrat profiteering took its root in the special feudal privileges granted or given silent consent to bureaucrats by the imperial courts of various dynasties.

Bureaucrat profiteering was deep-rooted because it often worked hand in glove with the royalty. In history, there are too many examples of emperors, royal families, and families of queens and princesses participating in profiteering by directly taking advantage of the supreme power of the royal house.

All the princes, princesses, queens, and concubines of Emperor Xiao Wu of the southern Dynasty of Song ran lodging places, a three-in-one combination of inn, warehouse, and trading sight in ancient times, pursuing profits in every description. During the reign of Emperor Tai Wu of the Northern Wei Dynasty, Tuobohuang, heir to the throne, also went in for profiteering, selling wine at the marketplace, contending with the common people for greater profits.

The last emperor of northern Qi also practiced profiteering by setting up a commoners' market, bargaining personally. Many of the princes and princesses of the Tang Dynasty set up lodgings and participated in buying and reselling. It was all the more typical with Zhu Houzhaoh, Emperor Wu Zong of the Ming Dynasty. In his reign, the emperor tore down citizens' houses in downtown districts by force to build his own shops there, or changed commoners' shops into shops run by the government, or seized those shops belonging to some former bigwigs, while turning them into shops owned by the royal house. Shops in this category would often acquire imperial edicts, and hoist the royal banner. They would hold up merchants, imposing exorbitant taxes and levies on them, arbitrarily extorting money, while nobody dared say anything about it.

One after another, the emperor and his concubines, princes, princesses, queens, and lords of the royal clan went in for profiteering. Such practice played a role in pushing forward the social atmosphere in which bureaucrat profiteering dominated. It ran rampant with strong backing. "When the ruler has a fondness for something, the ruled must pursue it to an excess."

Bureaucrat profiteering running through all dynasties in history was precisely feudal special privileges that leaned on the support of the imperial authority. The bureaucrats monopolized almost all trades that could bring in the greatest profits. In the Han Dynasty, the monopoly of certain trades was exclusive to senior officials and feudal lords. The operation of lodging places, hoarding, and speculation had all along been monopolized by bureaucrats from the Southern and Northern Dynasties down to the Ming and Qing Dynasties. The greatest loan sharks were mostly members of the royal clan and bureaucrats. Bureaucrats were always the first to set foot in whatever new business that would bring in huge profits, such as the money changer establishment at which bills of exchange could be bought, when they were first initiated in the Qing Dynasty.

Sometimes, bureaucrat-merchants took advantage of their monopoly to invent new means of profiteering; for example: salt transportation and distribution in the Ming Dynasty. Nominally, it was monopolized by the government, while those who were engaged in this trade must first obtain licenses issued by the government. When the government was about to issue such licenses, those who were influential inside and outside the imperial court would send in letters of application under assumed names through their connections with the viceroys to monopolize the business. Usually, the viceroys dared not resist those influential people. More often than not, the most influential would obtain several thousands of licenses, and the less influential would get a thousand or two; it all depended on the extent of their influences. Some ministers close to the emperor would directly send in their memorials to the throne asking for such licenses, and were often granted tens of thousands of them.

Therefore, the bigwigs gradually turned the state monopoly of salt transportation and distribution into their own monopoly. Ordinary merchants who wanted to participate in the business must purchase salt licenses from the bigwigs. Thus, the reselling of salt licenses became a new channel for the bigwigs to make a windfall. At that time, each license owned by a bigwig would bring in a profit of 0.6 tael of silver, with 1,000 such licenses, he would easily reap a profit of 600 taels of silver, and tens of thousands of licenses meant tens of thousands of taels.

For the abovementioned reasons, bureaucrat-merchants through all the dynasties in history would often amass tremendous wealth. For example, in the 17 years of his office in Sichuan during the Liang Dynasty of the southern dynasties, Yizhou Prefectural Governor Xiao Ji had made profits of 10,000 jin of gold, and 50,000 jin of silver in trade. In the early years of the southern Song Dynasty, General Zhang Jun went in for profiteering and made a huge fortune. As a safety measure to guard against theft and robbery, he cast every thousand taels of silver into a large ball, and called it "what can they do about me." In the Ming Dynasty, the President of the Board of Rites Dong Feng was a loan shark, and made an annual income of several millions taels of silver from high interest rates, thus becoming the wealthiest man on earth. Another typical example was He Kun, the favorite minister of Emperor Qian Long of the Qing Dynasty. His investments in business accounted for some 70 million taels of silver, and his properties in terms of silver were around 800 million taels, which was equal to the total financial revenues of 20 years of the Qing government during the reign of Emperor Qian Long, exceeding 8 times the military expenditures during his reign. Had it not been for profiteering by taking advantage of feudal special privileges, He Kun could not have amassed such monstrous wealth.

Therefore, we can see that bureaucrat profiteering in China's history did not rise in the embryo of capitalism, nor did it surface when feudalism had been lashed at by foreign capitalism, but came into being in early feudal society. It was basically not the offspring or something inevitable in the transition from the feudal society to the modern society, but the offspring of feudal special privileges.

"Bureaucrat Profiteering" in History Was a Shackle That Bound the Development of Commodity Economy

Bureaucrat profiteering in China's history came into being in the early phase of the feudal society. It could only link commerce to the feudal economy and feudal special privileges under the conditions where commodity economy was extremely underdeveloped. That was an important characteristic to differentiate bureaucrat profiteering from its counterpart in modern Europe.

With the domination of the natural economy in China, bureaucrat profiteering based on feudal special privileges played the part of blocking and sabotaging the development of the commodity economy.

First, bureaucrat profiteering through all the dynasties in history, whether in the practice of monopolizing certain trades, or running lodging places, or playing the part of loan sharks, had very little to do with the production area. Bureaucrat-merchants mainly pursued exorbitant profits in the circulation area by exchange of unequal values, seizure, and fraud. The rise of bureaucrat profiteering did not create social wealth, nor could it promote general economic development of the society. In addition, bureaucrat-merchants operating on the strength of their feudal special privileges, adopted various illegitimate transeconomic means in their operation. Such practice inevitably sabotaged market regulations and the principle of exchange of equal values. Take the Ming Dynasty for example, the shops belonging to emperors, the royal clan, and bureaucrats were set up at houses seized from commoners. Their business operation was rarely conducted on a voluntary and fair basis. Should their demand fail, those concerned would be humiliated. Shops belonging to the royal clan did even greater harm to the people. During the reign of Emperor Shen Zong, King Fu opened shops, while compelling all merchants to sell whatever stocks they had at his places, forbidding them to sell at inns in the neighborhood other than his own. Inns and shops belonging to the royal house monopolized all means of land and water transportation. They would levy taxes on everything, and extort money from ordinary merchants. The direct consequence of such a barbarious way of operation was the elbowing out of nonofficial commerce. For example, the monopoly of salt transportation and distribution by bigwigs resulted in the complete phaseout of ordinary merchants in the business, who had comparatively small capital. On the other hand, it resulted in price hikes, a grave social problem. For instance, shortly after inns and stores of the royal house were set up during the reign of Emperor Wu Zong, Shi Tianzhu, a contemporary of that time pointed out: "With the establishment of inns and stores owned by the royal house, ordinary merchants have suffered from exorbitant taxes and levies, and the commoners found it very difficult to do business; hence, the scarcity in goods of all kinds, and price hikes."

Therefore, we can see that bureaucrat profiteering was a sabotaging factor for commerce, the market, the social economic order, and the commodity economy. Bureaucrat profiteering as an offspring of feudal special privileges could only end in feudalism, helping its growth in the area of commerce.

Regarding the outlet of capital belonging to bureaucrat-merchants, the wealth they amassed through profiteering was mostly invested on land for feudal exploitation, aside from their indulgence in luxuries and reinvestment in trade and usury. In feudal society, land was an important and chief guarantee of income and wealth as well as the base of social status and all power. As a rule, therefore, bureaucrat-merchants through all the dynasties in history would spare no efforts in purchasing land to annex properties. Linking bureaucrat profiteering to the feudal land system resulted in the development of

land ownership by great landlords. It countered the superficial prosperity brought about by bureaucrat profiteering in commerce; moreover, it further blocked the development of the commodity economy.

[Text] Under the impact of bureaucrat profiteering, nonofficial capital of commerce was turned into investments in officialdom, and bribery was practiced repeatedly to buy official positions, power, and backing as well.

In feudal society, any merchant who was capable of colluding with the government, bureaucrats, and the royal clan, with the backing of feudal influences, would enjoy great conveniences in his business operation. Therefore, the wealthy merchants of various dynasties would bribe the government and bureaucrats at all cost to seek collusion. During the times of the western Han Dynasty, merchants "with their tremendous wealth would build connections with princes and dukes, and such merchants were more influential than officials. They would often jostle against each other." "The wealthiest merchants would seek control over cities, those with less wealth would seek control over counties, while those with comparatively moderate means would seek control over their home villages." During the Tang Dynasty, most wealthy merchants "had ties with bureaucrats, and they would ask favors of each other." In his verse "Gu Ke Le," the poet Yuan Zhen [0337 4466] of the Tang Dynasty wrote: "First, the court attendants would be consulted, then princes and dukes would be visited, and their favors would be asked, when every detail had been well taken care of to smooth things out in their households. When all this was done, he would return and take a good rest. The size of his wealth was great enough to compete with the princes'." That was a vivid portrait of the merchant colluding with the blue-bloods and bureaucrats. During the Ming and Qing Dynasties, the wealthy merchants would have to "build connections with influential aristocrats and bureaucrats to seek their shielding" simply "to avoid ruin and disasters and to consolidate their own status."

At the same time, wealthy merchants would not stop at establishing ties with influential aristocrats and bureaucrats, while hoping to join the ranks of bureaucrats themselves. Thus, the buying of official positions was an important form of investment with commercial capital as well. The ancient system of selling official positions and dukedom provided wealthy merchants with a convenient channel to set foot in officialdom. With the examples set by Emperor Hui of the western Han Dynasty in selling dukedom, and his successor Emperor Wen in "granting dukedom to those who would offer considerable volume of grain," the practice had been followed through all the dynasties until the late Qing Dynasty. The buying of official positions and aristocratic titles had all along been a shortcut for wealthy merchants to set foot in officialdom. By taking this path, many wealthy merchants eventually occupied important official posts, "the wealthiest would become senior officials at the imperial court, while those of comparatively

moderate wealth would become officials at provincial or county levels." Consequently, a situation took shape, in which almost all merchants were holding government offices.

The entire commerce was trapped in the cage of feudalism with the system of bureaucrats participating in trade, the collusion of bureaucrats and merchants, and merchants assuming official positions.

History showed that the existence of bureaucrat profiteering could never promote the development of nonofficial commerce, but only choke it or lead it to feudalism.

The Feudal Society Could Not Do Away With "Bureaucrat Profiteering"

Bureaucratic participation in trade was often a special privilege granted, or given silent consent to by the imperial court in feudal society. However, if bureaucrat-merchants should arbitrarily use such a special privilege to the extent that "the interests of the royal house were threatened" and "the people's enterprising spirits were shackled," while corruption ran amuck among officials with the atmosphere of seeking luxuries growing intense, then the decline and fall of the feudal dynasty would be aggravated and accelerated. Therefore, even in feudal society, when the reign of a dynasty was comparatively sober and enlightened, it would place strict restrictions, and even lay explicit bans on bureaucrat profiteering, to seek long-term, sound administration and stability.

During the reign of Emperor Wu of the Western Han Dynasty, an explicit edict was issued to ban officials making profits like commoners, and to strictly ban the collusion of officials and merchants in sharing profits between them. During the reign of Emperor Tai Zong of the Tang Dynasty, an edict was issued that "officials at and above the fifth grade should not participate in trade." Later, it was stipulated that "any court attendant, as well as his or her paternal cousins once removed and their close seniors, for whom the court attendant in question would go through a 9-month formal mourning, should any of them happen to pass away, and who happen to go in for certain craft or trade specialized in the household, cannot become officials, if these cousins and their close seniors happen to live under the same roof with the court attendant in question." In addition, no princes, princesses, or court attendants were allowed to send their confidential men to the marketplace for trade or to set up lodging places and shops, and participate in retailing. During the reign of Emperor Xuan Zong of the Tang Dynasty, an order was issued that officials up to a certain grade were not allowed to go in for profiteering, and those who had already owned shops must have them sold and transferred. During the reign of Emperor Dai Zong, the throne again banned princes, dukes, and all officials setting up lodging places, going in for trade, while imperial inspectors were sent to supervise the implementation of the order. Later, when it was found very difficult to terminate the practice, the throne

issued another edict to levy taxes on all such lodging places, while allowing them no special privileges of tax exemption. During the reigns of Emperors Mu Zong, Wu Zong, and Xuan Zong, it was repeatedly reaffirmed that all bureaucrat-merchants must be taxed like ordinary people. In the early Ming Dynasty, its first emperor Zhu Yuanzhang issued an edict: "Officials are not allowed to trade in categories of goods within the charge of the department they belong to"; "dukes and marquesses as well as civil officials and military officers at and above grade four are not allowed to lend money for interest," and placed strict restrictions on bigwigs going in for profiteering. During the reigns of Emperors Xian Zong and Xiao Zong of the Ming Dynasty, repeated edicts were issued to ban the possession of salt transportation licenses by officials' households. Cases of bigwigs being punished for profiteering were many in the history of the Ming Dynasty. For example, during the reign of the Emperor Hong Zong, Auyang Lun, imperial son-in-law and commandant of imperial guards, sent his household slaves to transport tea out of the border for trade. When his case was uncovered, Auyang was ordered to commit suicide while his household slaves were all executed. During the reign of Emperor Jing Tai, Shi Huan, imperial son-in-law and commandant of imperial guards sent his household slaves to convey salt in his possession on government boats. For this, governors of 13 provinces presented memorials to the throne to censure him. Consequently, he was removed from office, and was never to be appointed to any official post again. During the reign of Emperor Ying Zong of the Ming Dynasty, Commander in chief Sun Xianzong sent his household slaves to set up lodging-places in secret, while intercepting merchants for their goods, to extort money from them. Sun was impeached for this, and exiled to Guizhou. In the early Qing Dynasty, bans concerning bureaucrat profiteering were promulgated on many occasions, those who violated them would be heavily punished.

Scanning the restrictions on bureaucrat profiteering through all dynasties in history, we found that the restrictions could be rather comprehensive. However, it was impossible to thoroughly halt bureaucrats profiteering on the strength of a few bans in the feudal society, which had relied on a series of feudal special privileges to maintain the imperial rule, because neither meticulous restrictions nor severe punishments touched on the heart of the matter. Moreover, with the corruption and decline of feudal dynasties through history, those restrictions and policies cracking down on bureaucrat profiteering would inevitably be relaxed and abolished. As a result, bureaucrat profiteering had never been effectively terminated despite repeated imperial edicts and orders restricting it.

The above historical facts show that bureaucrat profiteering had never played the role of a rocket in pushing forward the economic development of society, never had it played a positive role in, but had always been a shackle to the development of the commodity economy. In the 2,000 year existence of bureaucrat profiteering, it had

never brought about the great development of the commodity economy. Such arguments that bureaucrat profiteering is the price that must be paid for the development of the commodity economy do not hold water. To punish officials participating in profiteering, and to uproot the malpractices of bureaucrat profiteering can only be of great help and of no harm to the development of social production and the commodity economy.

Law Studies Should Cover Hong Kong, Taiwan
HK1211021088 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0902 GMT 10 Nov 88

[Report: "Gao Mingxuan Thinks Chinese Criminal Law Studies Should Cover Hong Kong and Taiwan"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 10 Nov (ZHONGGUO TONGXUN SHE)—Gao Mingxuan, secretary general of the criminal law research group under the China Law Society, pointed out that Chinese criminal law studies should cover Hong Kong and Taiwan. Following the development of various exchanges between the two sides of the strait, Hong Kong, Taiwan, and the mainland should strengthen their contacts and exchange more material so as to develop and enrich Chinese criminal law studies.

Chinese Criminal Law came into force on 1 January 1980. Prof Gao Mingxuan is a first generation jurist in New China. He shared his efforts in the entire process of the formulation and subsequent revision of the first edition of Chinese Criminal Law.

Gao Mingxuan remarked that abnormal turmoils occurring on several occasions in the country had been largely due to a lack of complete laws and regulations. It has been over 8 years since the enforcement of Criminal Law, he added. On the whole, the implementation of this law has been good. However, there are still some problems. For example, "law is ignored, law is not strictly enforced, and violations are not seriously dealt with"; people are treated unequally before law; power can replace law; and discipline can substitute for law. These are frequent occurrences and have seriously affected the reputation of the party and the government, ruined the formation of the socialist legal system, and damaged public feelings. Resolute measures must be taken to deal with bureaucratism and corruption, and efforts must be made to exercise strict legal supervision, to preserve social stability, and to protect the results of reform. Following the development of reform and opening up to the world and the progress of history, he pointed out, there is still a need to readjust, enrich, and revise Chinese Criminal Law for the sake of perfecting it.

Beijing Ceremony Honors Sun Yat-sen
OW1511085988 Beijing XINHUA Domestic Service in Chinese 1431 GMT 12 Nov 88

[Excerpts] Beijing, 12 Nov (XINHUA)—More than 200 people from all walks of life held a ceremony at Zhongshan Hall in Zhongshan Park this morning to mark the 122d anniversary of the birthday of Dr Sun Yat-sen, our great revolutionary forerunner.

Attending the ceremony were Zhou Gucheng, Yan Jici, Fei Xiaotong, Lei Jieqiong, Yang Jingren, Kang Keqing, Hu Ziang, Zhou Peiyuan, Ma Wenrui, Sun Xiaocun and Cheng Siyuan.

Qu Wu, vice chairman of the National CPPCC Committee and honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, presided over the ceremony. [passage omitted]

Fang Yi, vice chairman of the National CPPCC Committee; Zhu Xuefan, chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; Wu Lianyuan, deputy head of the United Front Work Department of the CPC Central Committee; and Vice Mayor of Beijing He Luli presented flower baskets to the bronze statue of Dr Sun Yat-sen on behalf of the National CPPCC Committee, the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, the United Front Work Department of the CPC Central Committee and the Beijing Municipal People's Government.

Also attending the ceremony were: NPC Standing Committee members Yang Jike, Lin Liyun, Aisin Giorro Pujie, Gao Dengbang, Zhang Shiming, Dong Yinchu and Chu Zhuang as well as Standing Committee members of the National CPPCC Committee Zhou Shaozheng, Wan Guoquan, Fang Rongxin, Ye Zhishan, Zhuang Mingli, Sun Chengpei, Sun Fuling, Su Ziheng, Li Wenyi, Li Chunqing, Li Tiezheng, Yang Zhengmin, Zhang Chunnan, Zhang Suwo, Luo Hanxian, Zhao Weizhi, Ling Qihan, Huang Wei, Huang Liangchen, Huang Dingchen, Peng Youjin, Ge Zhicheng, Feng Tiyun, Lin Shengzhong and Lu Rongshu. [passage omitted]

Minority Cultures Given More Support
HK1111025488 Beijing CHINA DAILY in English 11 Nov 88 p 3

[By staff reporter Cheng Hong]

[Text] Almost every Chinese child of the Han nationality was taught to recite poems of the Tang (618-907) and Song (960-1279) dynasties, but virtually none knew anything about King Gazar, the great historic epic of the Tibetan and Mongolian nationalities of the same period.

To remedy this, the State is trying to help ethnic minority people promote their national cultures after decades of neglect.

Yin Haishan, director of the culture department of the State Nationalities Affairs Commission, said in a recent interview that, in achieving the "common prosperity" both economically and culturally, the State will help the ethnic minority people renovate mosques and temples which were destroyed during the "cultural revolution" (1966-76).

The commission will also encourage people to save the classical minority works which might be lost in the near future, and to popularize music, dancing, painting and other arts in order to help the Han and ethnic minority people become better acquainted with each other.

The State has allocated 35 million yuan to renovate Tibet's world-famous Potala Palace. The whole renovation will take five years. The traditional Grand Prayer Ceremony, the most important religious festival in Tibet, was resumed this year after 20 years of suspension.

More performances by ethnic minority groups have appeared in Beijing, and the State Nationalities Affairs Commission has decided to hold a national arts festival of ethnic minorities in the near future in a bid to popularize the minority people's music, dancing, traditional opera, storytelling and ballads to familiarize more Han people with minority cultures.

In order to protect classic minority works and make them accessible to more people, the State has set up a group for systematizing and publishing those works. So far, more than 300 have been sorted out and nearly 20 dictionaries have been published, including Chinese-Mongolian, Chinese-Kazak and Chinese-Tibetan dictionaries.

Now, in most ethnic minority areas, the local minority people have their own television stations using their own language, read their own newspapers and magazines, and see Chinese films which have been translated into their own languages. Children are taught both the standard Chinese and their own ethnic writings in schools, and those who want to learn more Chinese may attend schools of the Han people.

Economic development is just one part of social improvement, Yin said. The development of cultural standards is another. To help ethnic minority people catch up with the advanced areas and realize the State's target of common prosperity, more emphasis should be paid to raising the consciousness of minority people to vigorously develop their national culture and local arts.

China's 56 ethnic minority groups account for nearly 7 per cent of the country's total population. The 60 per cent of China's land which they inhabit is rich in natural resources but poor from the economic and cultural point of view, Yin said.

However, he noted, ethnic minority people have their own arts and culture, incorporating language, religion, customs, traditional music and dancing, which need support and vigorous development.

Currently, 21 ethnic minorities have their writing systems, and 53 have their own languages. Many ethnic minority people communicate in both Chinese and their own languages.

Books Commemorating Liu Shaoqi Published
OW1311060488 Beijing XINHUA in English
1611 GMT 11 Nov 88

[Text] Beijing, November 11 (XINHUA)—One volume of the works of the late Chairman Liu Shaoqi and a collection of articles in his memory have been published on the 90th anniversary of his birth on November 24.

One volume contains 41 personal memories, written by revolutionary veterans and 18 new articles by friends who worked at his side.

The other volume contains 57 of Liu's works, written between 1923 and 1964, most of them published for the first time.

Deng Xiaoping, chairman of the Central Military Commission, wrote the book's title and other leaders Chen Yun, Li Xiannian and Peng Zhen have written commemorative inscriptions.

State Bureau Chooses Cadres Through Examinations
OW1511050388 Beijing XINHUA in English
1542 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—For the first time, a Chinese Government department has announced that it will be selecting new employees on the basis of a public examination, an official from the Ministry of Personnel stated today.

Over 500 people have applied to take the exam, even though only 35 will be chosen for the vacant positions at the State Environmental Protection Bureau.

The bureau has been chosen to pioneer the new system, which is expected to come into universal use in government departments eventually, the official said.

Jin Jianming, deputy director of the bureau, said that this system is aimed at making sure only that the best talent is employed and nepotism stamped out.

The exam committee is composed of four university professors and five officials from the bureau.

A senior engineer from the Ministry of Machine-Building and Electronics Industry applied for a position at the State Environmental Protection Bureau last Saturday morning.

Peng Weilin, 50, said, "In my present job my living and working conditions are good, but I want to do something to help improve the country's environment."

A 65-year-old engineer applied because, he said, he wants to do something beneficial for the country even without pay, since he is retired.

Government Adopts Wildlife Protection Law
OW1211030888 Beijing XINHUA Domestic Service
in Chinese 1700 GMT 8 Nov 88

[Text] Beijing, 8 Nov (XINHUA)—Order of the President of the People's Republic of China No 9

It is hereby proclaimed that the "Law on the Protection of Wildlife" has been adopted by the fourth meeting of the Seventh NPC Standing Committee on 8 November 1988. This law goes into effect as of 1 March 1989.

[Signed] Yang Shangkun

President of the PRC

[Dated] 8 November 1988

Penalties for Wildlife Killers
OW1211040488 Beijing XINHUA Domestic Service
in Chinese 1629 GMT 8 Nov 88

[Text] Beijing, 8 Nov (XINHUA)—The NPC Standing Committee's supplementary regulations on penalizing criminals who catch or kill nearly extinct wild animals or state protected precious wildlife

Approved by the Fourth Session of the Seventh NPC Standing Committee on 8 November 1988

The Fourth Session of the Seventh NPC Standing Committee has decided that, in order to strengthen the protection of wild animals on the verge of extinction or state protected precious wildlife, a set of supplementary regulations is hereby made public. Those who illegally catch and kill nearly extinct wild animals or state protected precious wildlife shall be sentenced to less than 7-year's imprisonment and fined, or fined only; those who illegally sell or smuggle the abovementioned wild animals shall be penalized on charges of profiteering and smuggling.

Commentator Urges Protection of Wild Animals
HK1411030188 Beijing RENMIN RIBAO in Chinese
10 Nov 88 p 3

[Commentator's article: "Use Laws To Protect Friends of Human Beings"]

[Text] The land area of our country accounts for 6.4 percent of the world's total land area, and our country has more than 10 percent of all species of wild vertebrates in the world.

However, in recent years, regretful news came again and again from the forests and prairies: More than 20 kinds of wild animals under priority state protection were illegally hunted; and the cases of killing and smuggling these animals increased year after year. There were more than 500 such cases in 1987 alone. Some commercial and foreign trade units went all out to purchase wild

animals, and some restaurants and hotels used special dishes of game to attract customers. This worsened the condition of illegal hunting of wild animals. Experts and scholars who are deeply worried about China's ecological environment have given many warnings about this, and the government and the authorities concerned have also issued many orders to check this, but no marked results have been achieved.

Now, the "PRC Law on Protecting Wild Animals" is officially promulgated. It provides a forceful legal weapon for all people who love the motherland, love nature, and care about mankind's living environment, and functions as a strong legal deterrent against the illegal hunters and smugglers who are obsessed with the desire for profits.

That the state protects rare wild animals through legislation indicates substantial progress in the building of our legal system and our spiritual civilization. Wild animals are not creatures free prey to be hunted on people's whim. Instead, they are resources of the state, and friends of mankind. The existence and development of mankind cannot be divorced from a certain ecological environment. Mankind is the king of all creatures on the earth, but mankind cannot live alone on the earth where there is no other creature. Without birds and animals, the prairies and forests will become a world of deathly silence. So, in a certain sense, mankind should be a friend to all creatures. A society with modern civilization and with a perfect legal system not only should use laws to protect citizens but also should use laws to protect the friends of mankind—rare animals and plants. This is a sign of social progress.

With the promulgation of the law on protecting wild animals, we will have legal foundation for protecting wild animals, but this does not mean that all problems can thus be solved. Our past experience shows that the promulgation of a law on income taxes does not mean that no people will evade taxes, and after the promulgation of the forest law, some people still continued to fell trees illegally. In our country, the laws on respecting human beings have not been properly observed by some people, will the law on protecting animals be better observed? A small number of people will certainly defy the law, and this shows that the law is indispensable. Society makes progress with the existence of the law, and the strict enforcement of the law is more important. Otherwise, the law will not play a deterring role in preventing crimes.

The laws are solemn. We should publicize, study, observe, and enforce the law on protecting wild animals. This will not only check illegal hunting, but will also promote good public conduct in our society.

Hu Qili Attends Literature, Art Forum Closing
OW1211133688 Beijing XINHUA in English
1115 GMT 12 Nov 88

[Text] Beijing, November 12 (XINHUA)—Chinese writers and artists will have to ponder how to observe,

evaluate and reflect from a new outlook the drastic social changes that are taking place in China, a senior leader of the country's literary and art circles said here today.

Noted literary critic Lin Mohan said this in his closing speech at the Fifth National Conference of the China Federation of Literary and Art Circles which opened here Tuesday.

Hu Qili, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, attended the closing ceremony.

Lin urged his colleagues to strengthen their ties with the people and create more quality artistic works to meet their needs.

Writers and artists should have a strong sense of responsibility in helping young people become a new, better educated and disciplined generation with lofty ideals and good morality, he said.

The meeting approved the federation's new 108-member national committee, with two seats reserved for Taiwan.

During the five-day conference, the 1,500 delegates discussed a wide range of subjects related to the country's literary and art work. They also discussed a draft document worked out by the Party Central Committee on further making China's literature and arts flourishing and adopted the federation's new constitution.

On behalf of many fellow delegates, Lin urged departments concerned to carry out "serious, scientific and comprehensive studies" of certain negative phenomena which have emerged in the cultural and publishing fields and work out relevant plans and policies for the country's cultural development.

Li Tieying at Scientists Commendation Meeting
OW1411121588 Beijing XINHUA Domestic Service
in Chinese 1130 GMT 10 Nov 88

[By reporter Zhuo Peirong]

[Text] Beijing, 10 Nov (XINHUA)—The State Science and Technology Commission and the State Planning Commission held a solemn meeting today to commend 994 experts and management cadres and 65 relevant units that have made important contributions to the research of state technology policy in 12 spheres.

The research work for the policy of 12 technologies was completed in a period of 3 years by more than 2,000 scientists, engineers, and management cadres of over 20 ministries and commissions organized by the State Science and Technology Commission, the State Planning Commission, and the State Economic Commission. It was carried out under instructions by Zhao Ziyang, premier of the State Council, in 1983. It is a gigantic social project that encompasses most of the important economic spheres in China and involves various technical issues. Experts studied in detail the realities in China; collected a large amount of materials from both China

and abroad; conducted numerous comparisons, analyses, demonstrations, and proof; and finally formulated the 12 state technology policies. This achievement won the first-class award given by the state for scientific and technological advance in July last year.

Commenting on the achievement at the commendation meeting, State Councillor Li Tieying said: It is a product of integration between democratization and scientific methods, between theories and practices, and between qualitative and quantitative analyses in the process of decisionmaking. It is also a result of teamwork between leaders and experts. It signifies the rise of soft science in China and opens up a path by setting a good example for the development of soft science in the past few years.

The spheres covered by the research achievement in the 12 state technology policies are energy, communications and transportation, communication, agriculture, consumer products industry, machine-building industry, materials industry, building material, urban construction, village and town construction, housing construction, and environmental protection. These policies became one of the principal bases upon which the State Council drew up its "Seventh 5-Year Plan" and were promulgated by the State Council in 1986. Judging from the situations in the past 2 years, we may say that the majority of contents stipulated by each technology policy have been carried out, resulting in marked economic returns and social benefits.

Li Tieying said: Practice has proven that these technology policies are correct and that they keep abreast of the trend of development of all spheres and suit the objective needs of social development. Every locality and department should carry them out earnestly. At present, we must closely integrate the implementation of the technological policies with "improving the economic environment, rectifying the economic order, and strengthening all-around reform." We must bring into full play the role of technology policies to establish a sound economic environment and order and guide the economic development onto the track of increasing economic returns through technical advance.

It was learned that these technology policies, together with the two policies formulated later on for the development of technologies of information and biology—14 of them in all—have been approved by the State Council for publication in the form of a blue book of the government policy on science and technology in the future.

Song Ping, Jiang Zemin Inspect Shanghai
OW1311151288 Shanghai City Service
in Mandarin 1000 GMT 8 Nov 88

[Text] Song Ping, member of the Political Bureau of the CPC Central Committee, and his party inspected Shanghai from 3 to 8 November. Comrade Song Ping inspected Hongqiao Township in Shanghai County and the Shanghai Dazong Automobile Plant, held discussions with responsible comrades of the departments

concerned and some grass-roots party and government cadres, and listened to their briefings and opinions on party building and the ideological and political work in industrial enterprises.

Comrade Jiang Zemin, member of the Political Bureau of the CPC Central Committee and secretary of the Shanghai Municipal CPC Committee, joined Comrade Song Ping in the inspection.

Latest Weaponry Slated for Display in Beijing
HK1411022388 Hong Kong HONGKONG STANDARD in English 14 Nov 88 p 6

[By Tammy Tam]

[Text] China's latest weaponry would be shown off to world arms dealers in Beijing tomorrow, an organiser of Asiandex Beijing '88 said yesterday.

It will be the third exhibition of Chinese defence weapons, the first two having been held in January and November 1981.

"China hopes to keep the exhibition a annual event. It will be held every two years," said Mr Andrew Kay, chairman of China Promotion Limited and an Asiandex organizer.

China began selling arms to other countries in 1980 and since then had developed weaponry of international standing, Mr Kay said.

"The Long March series rocket carrier is a good example, but we need the advanced equipment to be given more exposure so to establish the reputation of Chinese weapons," Mr Kay said.

"In general, the price of Chinese weapons is 80 percent cheaper than that of Western ones, mainly because Western dealers still lack confidence in Chinese weapons."

Because of the lower price, China has been successful in selling its weapons to Third World countries. Statistics show arms sales for ground forces have reached billions of yuan in recent years.

"Many Third World countries are using China-made fighters because they are 70 percent cheaper," Mr Kay said.

Encouraged by the success of some of its high-tech products, such as the rocket carrier, Beijing is now setting its sights on the international market.

That's where Asiandex Beijing '88 comes in.

China's Defence Minister, Mr Qin Jiwei, said earlier China would increase its arms sales because the country's struggling economy needed the money.

"But China has set strict guidelines for its arms trade," he said. "First, the sales are not allowed to influence the country's foreign policy and secondly, China should know the end users of the weapons before the deal is decided."

More than 10 of China's major producers and dealers of defence equipment will exhibit their products at Asiandex Beijing '88.

Defense Exposition Previewed
HK1511025788 Hong Kong SOUTH CHINA MORNING POST in English 15 Nov 88 p 11

[By Seth Faison]

[Text] Chinese defence technology of all shapes and sizes will go on display this morning as the Asian Defence Technology Exposition (Asiandex) opens at Beijing's International Exhibition Centre.

Chinese arms manufacturers dominate the show, and with full-sized tanks, missiles and artillery on display beside their exhibition booths, they account for a third of the allotted floor space.

Geared toward attracting foreign buyers to the growing arsenal of Chinese arms manufacturers, the show also brought international arms sellers to the doorstep of Chinese buyers.

France, Italy and Great Britain are well represented, while Jardine Danby and J. H. Irachsler represented Hong Kong.

Although military experts will find no surprises at the show, it offers a peek at many of China's newest defence commodities.

China also displayed for their first time its latest fighter bomber, designed for use against land and sea targets.

Also shown for the first time is a model of the M85-11 tank, which is suspected by military experts to include Israeli technology, particularly in its fire control system.

A full-sized prototype of a Sino-French armoured personnel carrier (APC) is also on display. With a Chinese made body, the APC's turret was supplied by Giat, the French company which hopes to win some contracts for the machine.

But military fans looking for evidence of China's nuclear-powered submarine will be disappointed.

China, now the fourth largest arms dealer worldwide, is facing declining sales as a regional conflicts are being settled in several continents.

The cooling of the Iran-Iraq war, estimated to have accounted for 70 per cent of Chinese arms sales, is a principal cause for concern in the arms industry.

Foreign exhibitors said yesterday they expected fewer customers than at Beijing's first arms show in 1986, and some even wondered whether the scheduled show in 1990 would materialise.

"We're just here to show our face. Nobody's going to buy anything," said one British dealer.

China's major manufacturers such as the China Precision Machinery Import and Export Corporation—producers of the Silkworm and other missiles—were more optimistic.

"There are many people who want to buy our technology, and we're here to serve them," said engineer Mr Wang Lianzhong.

Representatives from China's Great Wall Industry corporation and Northern Industries Corporation (NORINCO) were yesterday also busily putting final touches to their booths.

Rolls Royce executives had also put up a smart booth, even though they haven't made any sales in China since 1975.

"We'd love to sell one of these," said Far East marketing manager Mr M. G. Bloomfield, pointing at his RIM 332, a turbo-shaft engine designed for helicopter use.

The exhibition features a total of 125 defence contractors from 14 countries.

New Rockets, Satellite Scheduled for Launch
HK1411031388 Hong Kong TA KUNG PAO
in Chinese 13 Nov 88 p 1

[Report: "China Developing New Changzheng Rocket; Another Telecommunications Satellite To Be Launched Next Month"]

[Text] Xichang Satellite Launching Center is to launch another geostationary telecommunications satellite as a reserve to the practical telecommunications satellite launched on 7 May this year, as disclosed by China's Xichang Satellite Launching Center Deputy Director Wang Yongde [3769 3057 1795] to a group of Hong Kong and Macao reporters visiting the center not long ago. A new type of rocket in the Changzhen rocket series, for launching the satellite is under development.

Lieutenant Colonel Qi Liangling [2058 7022 2651], who accompanied Wang Yongde told the reporters that, the launching of an additional satellite as a backup is international practice. Should something go wrong in the satellite launched earlier, the additional satellite would promptly take its place, preventing blackout, and maintaining normal telecommunications operations. Qi Lianglin was deputy chief of the foreign affairs department under Xichang Satellite Launching Center.

Wang Yongde added, the Changzheng-III rocket will continue to be used in launching the additional satellite. Both the rocket and the satellite have already been delivered to the center; close examination and final testing are now under way.

The most recently launched satellite by China took place on 8 September from Taiyuan. It was a solar-synchronous satellite for meteorological purposes.

Wang Yongde pointed out, each of China's three satellite-launching centers, located in Taiyuan, Xichang, and Jiuquan respectively have their work foci. At present, China is developing another type of rocket in the Chengzhen series, aside from the Changzheng-IV rockets.

Regarding the launching of "Asia Satellite-I" entrusted by Cable and Wireless Public Limited Company of the United Kingdom, CITIC Technological Corporation [Zhong Xin Ji Shu Gong Si 0022 0207 2111 2611 0361 0674], and Hutchison Whampoa Ltd., Qi Lianglin said that, if everything goes smoothly, it will have been completed by the end of next year, two or three months ahead of schedule. Earlier, it was reported that the launching would take place in early 1990.

The construction of the whole-range of equipment for launching the foreign satellite and the workshop for testing the satellite are already completed. According to Qi Lianglin, Asia Satellite I will probably be the first to use this workshop. The workshop is as large as a basketball court, with independent design for security purposes. It was built in one year, and its cleanliness is up to world advanced standards.

Wang Yongde stressed that, China undertaking the satellite-launching operation is only a supplement to the world's satellite-launching market. Raw materials are cheap and the labor cost is low in China. According to usual practice, a preferential price will be offered when it enters the market for the first time.

Xichang Satellite-Launching Center was inaugurated in the 1970s, located in Liangshan Yi Autonomous Prefecture, Sichuan. It lies in a strip of valley in the hinterland of Daliangshan, surrounded by hills in a very precipitous terrain. The valley is called by the local people as "Goat Ravine," while foreigners calling it "mysterious gorge." Since 1984, Xichang has successfully launched four satellites.

PLA Air Force Aids Earthquake Disaster Areas
OW1411071788 Beijing XINHUA in English
1444 GMT 13 Nov 88

[Text] Yunnan, November 13 (XINHUA)—More than 70 planes have been sent by the Air Force to the earthquake-stricken areas in Yunnan Province in the past week and 60 tons of relief supplies have been air-dropped in Lahu Autonomous County of Lancang, the most seriously hit area.

Fifteen transports and helicopters were sent as the Air Force learned that it was very difficult to have access by land to the 14 townships and more than 100 villages scattered in its 2,000-square-kilometre mountainous areas.

They have carried hundreds of relief personnel to the quake-hit areas.

Central-South Region

Guangdong Meeting Ends, Sets Economic Tasks
HK1211045788 Guangzhou Guangdong Provincial
Service in Mandarin 1000 GMT 11 Nov 88

[Text] An economic work conference convened by the provincial government concluded in Guangzhou on 11 November. Vice Governors Yu Fei, Ling Botang, and Liu Weiming spoke or reported on stabilizing economic development, improving economic environment, and rectifying economic order in line with Guangdong realities.

Analyzing the current situation, the meeting held that certain losses of balance and control have appeared in macroeconomic control [kongzhi]. Processing industries have grown too fast, and there is confusion in the circulation field. In particular, certain units and trading companies have aggravated the supply-demand contradiction in the markets by engaging in speculation, driving up prices, and pursuing high profits, high distribution, and high benefit.

The provincial government stressed that the governments at all levels must fully shoulder their responsibility. They must by no means adopt an attitude of winning through luck or waiting and looking around in implementing the central authorities' policy decision on improving the environment and rectifying the order and the various measures. It is essential to screen and cut the scale of capital construction throughout the whole of society, vigorously increase deposits, control loans, and stabilize the money supply. Companies retained after screening must be brought within the scope of financial management and persevere in legal operations. Speculation in approval chits is strictly prohibited.

We must institute a system of responsibility for targets to be met in price controls. City mayors and county governors must shoulder their responsibility in ensuring that next year's price increases are markedly lower than this year's.

Ling Botang put forward demands to the mayors of the province's 18 cities and some counties and to the county grain bureau directors: It is essential to grasp winter cultivation as a major task. The province must grow more winter grain and increase crop yields, especially of grain. The commercial departments must organize and mobilize the relevant forces to arrange sources for ensuring the supply of grain, vegetables, meat, poultry, eggs, other nonstaple foods, and daily necessities.

Guangdong Government Cancels 46 Building Projects
HK1011140088 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 10 Nov 88 p 1

[By Cheung Lai-kuen]

[Text] A total of 46 building projects have been cancelled or postponed by the provincial government of Guangdong in the past month, a spokesman for the province said.

The projects were cancelled as part of Beijing's recent move to slow the pace of economic growth, and so reduce the rate of inflation, said the spokesman, who asked not to be named.

None of the cancelled projects were in Guangzhou city or the Shenzhen special economic zone. These areas are not controlled by the provincial Government in economic matters.

Total investment in the cancelled projects was about 200 million yuan (about HK\$400 million), with a total gross floor area of 375,000 square metres.

The province set up a working committee to investigate and screen all building projects in the province, said the spokesman from Guangzhou.

The working committee is chaired by Yu Fei, vice-director of Guangdong provincial government, he said.

Three sub-groups have been sent to cities in the province as part of the working committee's investigation.

The spokesman said no foreign investors or overseas funds were involved in the cancelled projects.

This was the second group of projects ordered cancelled or postponed by the provincial government, said the spokesman, who did not specify how many were cancelled earlier.

He said the investigation and screening was still underway, leaving open the possibility that more building projects would be axed or postponed.

The criteria used by the provincial government to screen the building projects depends on whether or not the project had been approved by the provincial government, said the spokesman.

He added that projects with signed contracts could be scrapped by the government if they were not approved.

The spokesman stressed that the government would protect foreign interests if any offshore investment was involved.

More Projects Halted

HK1511032688 Hong Kong SOUTH CHINA MORNING
POST in English 15 Nov 88 p 1, 10

[By Seth Faison and David Chen]

[Text] Forty-three more construction projects in Guangzhou have been cancelled or postponed, bringing the number of casualties from China's investment slowdown to 89 in Guangdong province alone.

The projects—all hotels, guesthouses and recreational projects—included 13 foreign joint venture tourist hotels, the CHINA DAILY reported.

The newspaper did not name the projects, some of them half-completed.

However, some Guangdong officials disclosed that one of the joint ventures was the Huangpu Jing Mao Mansion, the largest of the joint ventures.

They were careful not to disclose the foreign partners, believed to be Hong Kong developers, for fear of incurring adverse effects.

Other joint ventures include the Great Chung Hua Hotel and the Jing Hai Hotel, Asia Hotel, Harbour Hotel and Hua Deng Hotel.

Hong Kong left-wing sources also declined to name foreign partners in these ventures, claiming that some of the partners may not be Hong Kong companies after all.

State Council officials in Beijing have insisted that new restrictions on investment would not affect any contracts reached with foreign partners, while projects still under negotiation might be cancelled.

But Mr Liang Dezhi of the Guangzhou Planning Commission said less than half of the foreign investment already approved in his city had now received permission to proceed with construction, implying that many such projects will be cut.

"We handle with great care the cancellation or postponement of Sino-foreign joint ventures and try to preserve the projects as long as there is hope," he was quoted as saying.

Ventures with investment totalling 873 million yuan (HK\$1.83 billion) will proceed, according to current plans, even though projects totalling 1.84 billion yuan (HK\$3.86 billion) had previously been approved.

Mr Liang said that "almost all" of the endangered joint ventures involved foreign parties that wanted to pull out because their Chinese partners had proved unable to meet contract requirements.

Many of the cancelled projects had already begun construction, he conceded, without specifying whether these included any joint ventures or not.

"Those whose projects were already nearly half completed, he said, were not happy with the idea of cancellation or postponement and demanded to finish construction," the paper said.

The Planning Commission resisted, Mr Liang said, because the city's high capital construction rate—which grew at an annual average of 30 percent in recent years—had to be reduced.

Beijing ordered a 20 per cent cut in spending in capital construction in the coming year, and although many economic planners doubt such a high figure can be achieved, provincial authorities have already begun to announce project cancellations.

Guangdong official said last week that 46 building projects outside of Guangzhou and Shenzhen municipalities had been cancelled in keeping with the new regulations.

As China's fastest growing province, Guangdong has already been hit the hardest by Beijing's effort to control prices, bank credit and foreign exchange use.

Perhaps mindful that orders to restrict construction were also issued early this year, Mr Liang said that Guangzhou's inspection team had begun checking construction of expensive buildings last year, well before the State Council regulations were handed down.

The cancellation of the projects may have a serious political undertone, analysts said. Until last year, the province had been upheld as the example of rapid economic expansion.

It was also after an exhausting visit to the province by party General-Secretary Zhao Ziyang early this year that he devised the theory of developing the economy of the coastal regions first before the benefits trickle to the interior—a policy that has earned great discontent and resentment of interior provinces.

As the country began to implement measures to arrest runaway inflation and the overheated economy, the State Council, under Prime Minister Li Peng, ordered a 20 per cent reduction in capital construction.

He personally signed an order restricting the construction by all sectors of luxurious hotels, office buildings and other edifices.

While several provinces have begun to implement these measures, it was Guangdong that had attracted national attention as the official press repeatedly reported one cutback after another there.

Perhaps unjustifiably, Guangdong officials privately complained that they were made victims of the country's latest retrenchment policies.

What is far more pertinent for the outside world is the cancellation of the several joint ventures, despite assurances from Beijing leaders that they would not be affected.

Many are adopting a wait-and-see attitude pending clarification of the policies and the outcome of the current rectification campaign.

Guangxi CPC Plenary Session Views Tasks
*HK1111031788 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 10 Nov 88*

[Excerpts] The fifth enlarged plenary session of the fifth Guangxi regional CPC Committee was held in Nanning from 5 to 10 November. The main agenda consisted of further relaying and studying the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference, unifying understanding, and discussing and studying implementation measures in line with the region's actual conditions. The session listened to, examined, and approved a report delivered by Secretary Chen Huiguang on behalf of the regional party committee Standing Committee. It listened to and approved in principle a speech delivered by Deputy Secretary Wei Chunshu. It also adopted a resolution on resolutely implementing the spirit of the central plenary session. [passage omitted]

The session pointed out: Comparing 1987 with 1978, Guangxi's industrial and agricultural output, calculated according to comparable headings, rose by 94.4 percent; financial revenue increased by 100 percent; and the incomes of people in the urban and rural areas doubled and redoubled. However, we are indeed facing severe problems. The outstanding one is inflation, with the big rise in prices. The fundamental cause of this state of affairs is that the economy is overheated, in particular, there is too much construction, the growth rate is too fast, consumption funds have risen too sharply, and social demand outstrips supply. In addition, confusion in the circulation field has stimulated inflation, while inflation has encouraged confusion in the circulation field, leading to ever greater deterioration in economic environment and order.

The central authorities have decided promptly and opportunely to focus on improving the economic environment and rectifying the order in reforms and construction in the next 2 years. This is extremely correct and timely. We must bring our thinking and action into line with the central policy decision. To do this, we must correctly understand and handle well a number of relationships: between the interests of the partial and those of the whole; the former must be subordinate to the latter; between lifting restrictions and promoting invigoration on the one hand and exercising macroeconomic

regulation and control [tiao kong] on the other; we must both invigorate and restrain, and both lift restrictions and exercise control; between improvement and rectification on the one hand and deepening the reforms on the other; improvement and rectification do not mean negating reform and going back to the old road, but are aimed at ensuring that reform can proceed still more smoothly. There is also the relationship between improvement and rectification on the one hand and development on the other. The aim of improvement and rectification is development, not standstill.

The session stressed that to make a success of improvement and rectification and deepen reforms in the region, it is essential to get a good grasp of the following measures:

1. Resolutely reduce investment in fixed assets. Proceeding from the region's realities, we must cut back projects for producing duplicate products and items in ample supply, and ensure construction for energy, transport, telecommunications, major raw materials, agriculture, and products in short supply. [passage omitted]
2. Seriously screen and straighten out companies. [passage omitted] This work should be basically completed by yearend.
3. Strive to stabilize the money supply and prices. We must strictly control the amount of currency in circulation and the scale of credit. With the money they have in hand, the banks should ensure that the masses can withdraw savings deposits, ensure the procurement of grain and other agricultural products, ensure loans for enterprises with good economic returns and for commerce and circulation, and ensure the payment of wages and of those bonuses and subsidies stipulated by the state and the regional authorities. [passage omitted]
4. Resolutely curb the excessively rapid growth of consumption funds and strictly control institutional purchasing power. Next year this purchasing power should be cut by 20 percent from the actual level of this year. [passage omitted]
5. Actively promote all-around mutually matching reforms. [passage omitted]
6. Launch in depth the double increase and double economy drive and improve and increase effective supply. We must focus on increasing production of grain and improving enterprise economic returns. At present, the region is facing a rigorous situation in grain. Total output has dropped while the population has increased. This sharpens the demand-supply contradiction. In addition, the grain subsidy increases every year, causing tremendous passivity in economic work. The grain issue is therefore a political issue with a bearing on the overall situation. The whole region and the leaders at all levels must deepen their fresh understanding of the status of

agriculture as the foundation, and especially of the grain issue, and firmly establish the guiding idea of basing efforts on production within the region.

It is also necessary to ensure the sustained and steady development of industrial production. About 80 percent of the region's financial revenue comes from industrial production. We must strive to resolve the energy problem, especially coal and electricity. We must also get a good grasp of meat, poultry, egg, and vegetable production, to ensure supplies.

7. Do a thoroughly good job of work this winter and next spring.

The session pointed out that to make a success of improvement and rectification and deepening the reforms it is necessary to strengthen party leadership and give full scope to our political superiority. [passage omitted] The party organizations and members must strictly observe party discipline and resolutely uphold the authority of the CPC Central Committee and State Council. They must strictly carry out the principles, policies, and measures of the CPC Central Committee and State Council. In particular, leading party-member cadres must play a model and leading role. [passage omitted]

At present we must conduct extensive and thorough education in the situation for the whole party and the people of the whole region, to enable the party members, cadres, and masses to boost their faith in the party and government. [passage omitted]

'Heroic Reconnaissance Company' Named in Guangxi
HK1411043588 Beijing RENMIN RIBAO in Chinese
9 Nov 88 p 4

[Report by Li Shiyuan (2621 4258 0337): "Meeting for Naming 'Heroic Reconnaissance Company' Held in Nanning"]

[Text] Nanning, 7 Nov (XINHUA)—Today, under the brilliant army emblem, a reconnaissance company of a certain garrison division under the Guangzhou Military Region, which has rendered outstanding contributions in guarding the frontiers of the motherland, received the honored title of "the Heroic Reconnaissance Company" decorated by the Central Military Commission.

The ceremony was held in Nanning. The army emblem was set off by red flags and fresh flowers; slogans meaning "guard against arrogance and rashness" and "utter devotion to duty" expressed the thoughts and feelings of the frontier guards. Walking into the meeting place, the heroic scouts from the China-Vietnam borders were greeted with warm applause by the masses of

various nationalities, including Zhuang, Yao, and Miao, reflecting the people's heartily felt gratitude and respect for their army, which has braved untold dangers for the interests of the people.

Since its establishment a decade ago, the reconnaissance company has been on garrison duty along the Guangxi frontier. Under tough conditions, the officers and men have developed the spirit of patriotism and revolutionary heroism and fought heroically and resourcefully to deal with the complicated enemy situation and fulfill their arduous tasks. They have made great contributions to defending national dignity and safeguarding the peace and security of China's border areas.

At the meeting, Lieutenant General Liu Cunzhi, deputy commander of the Guangzhou Military Region, read out an order of the Central Military Commission, which was signed by Chairman Deng Xiaoping, and made a speech. He pointed out: A fundamental reason why the reconnaissance company has become a heroic collective capable of performing peacetime duties and capable of fighting in wartime, is that both its cadres and soldiers are armed with a spirit of placing the interests of the motherland above everything else. With this spirit, one will certainly be able to advance bravely at the moment when one's fate is hanging in the balance; one will certainly be able to devote oneself to one's duty regardless of possible personal losses; and one will certainly be able to fight indomitably and fearlessly under difficult conditions. He urged all fighters and commanders of the military region to learn from the "heroic reconnaissance company" their spirit of taking the interests of the whole into consideration, strictly observing discipline, hard struggle, and utter devotion, so that they can heighten their vigilance, tenaciously defend their positions, and make new contributions to the motherland and the people.

Hainan Earns Increased Foreign Trade in 1988
HK1511010588 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 10 Nov 88

[Excerpt] Since Hainan was been built into a province and run as a large special economic zone, this has promoted the development of foreign trade.

According to incomplete statistics compiled by the relevant department, foreign exchange of \$202.48 million was earned from export in the first 9 months of this year and recorded an increase of 2.55 times over the total amount of foreign exchange earned from export for the whole of last year.

The main reason for this relatively good achievement of our province in earning foreign exchange from export this year is that preferential policies have been implemented and the enthusiasm of the enterprises for earning foreign exchange from export has been aroused.

Last year, Hainan readjusted the ratio of foreign exchange retention and adopted the measures to implement the quota contract system and to retain all extra profit. Since the founding of the province, the provincial government has promulgated a 30-point policy regulation on further opening to the outside world. All enterprises within the province, including the enterprises run by other provinces in Hainan, enjoy the right of import and export. The system of export quota and the system of foreign exchange settlement are further relaxed. The foreign exchange earned by enterprises from export and the other lawful income need not be converted and can be kept. The foreign exchange regulation center has also relaxed the conditions for regulation and enterprises and individuals can buy and sell foreign exchange in the foreign exchange regulation center. [passage omitted]

Hainan Commentary on Increase in Food Prices
*HK1511014588 Haikou Hainan Provincial Service
in Mandarin 0400 GMT 12 Nov 88*

[Commentary by Hainan Provincial Service correspondent (Lin Shiliang): "Attention Must Be Paid to the Vegetable Basket Issue"]

[Excerpts] The prices of fish, meat, poultry, eggs, and vegetables have been rising daily on the market in Haikou city after Typhoon No. 23 and 24. Every civil servant, worker, and housewife who buys food in the market has complained about the price increase.

According to a rough survey by this correspondent, the prices of vegetables have risen by about 100 percent on the average during the week from 30 October to 6 November. For example, the retail prices of flowering Chinese cabbage, cabbage, radishes, green string beans, black bean sprouts, mung bean sprouts, and lotus root have risen considerably. The price of flowering Chinese cabbage has risen from 0.8 to 2.6 yuan a kilogram, and that of green string beans from 1.4 to 3 yuan a kilogram. On 6 November, the price of cabbage supplied by (Tongkanpo) farm even soared to 3.6 yuan a kilogram.

The prices of fish and meat have also risen quite remarkably. The price of lean meat has already gone up to 12 or even 14 yuan a kilogram; and the prices of catfish and Vietnamese fish have risen to 8-9 yuan a kilogram. In the past, the price of second-grade summer flounder and common carp supplied by aquatic product departments was 0.7 yuan a kilogram; but now it has risen to 7.2 yuan a kilogram. Cheap snailfish of inferior quality was sold at 0.1-0.2 yuan a kilogram in the past, but now the price has soared to 3 yuan a kilogram. As for high-quality fresh mackerel and pomfret, the prices offered by fish merchants are over 10 yuan a kilogram.

According to economic theories, price is linked to value—the price of a commodity reflects its value, and the value determines the price. The present drastic increase in the prices of vegetables and non-staple foodstuffs on the food market is an abnormal phenomenon.

While the effect of typhoon can be counted as a contributing factor to the limited variety, short supply, and inferior quality of vegetables on the market, more important factors are the low productivity and the disorder in the field of commodity circulation. Some vegetable, fish, and meat merchants are making staggering profits by taking advantage of the opportunity that the government is lifting the restriction on food prices and of the difficult situation resulting from natural disasters. As the government does not have any aquatic product and vegetable supply center under its control, the control over the market prices is naturally kept in individual merchants' hands. Therefore, the fluctuation of prices on the free market is simply out of control.

Food is the first necessity for the people. The vegetable basket issue is related to the livelihood of every household. How well this issue is resolved has an important bearing on social stability and unity, and on the progress of reform and opening up. This is a criterion to see whether the government will keep or break its promise to the people. Therefore, this issue should draw the great attention of governments at all levels.

The settlement of the vegetable basket issue brooks no delay. In this connection, effective measures must be adopted. In my opinion, the following measures should adopted:

1. The mayor should personally take care of the vegetable basket issue. The State Council recently emphasized that in medium- and large-sized cities, their mayors must personally take care of production and the supply of meat, eggs, vegetables, and other major nonstaple foodstuffs so as to ensure a generally stable food price level. The most pressing task for the time being is to immediately arrange for the import of vegetables and frozen meat from other parts of the country to keep down prices and protect consumers' interests. Now that commodity prices are rising drastically, it is high time for us to assess the leading body's performance by observing how it is going to deal with the vegetable basket issue. Whoever manages to properly solve the vegetable basket issue will be a competent mayor.

2. From a long-term point of view, the government should make special appropriations to build up vegetable growing bases. The key to guarantee ample supply of vegetables to the urban market lies in the establishment of stable vegetable supplying bases. [passage omitted]

3. It is necessary to earnestly arrange supplies to the market, tighten up administration over the market, strictly ban and take strong action against the practice of jacking up prices and seeking staggering profits by hoarding and speculation. The government should draw up a set of regulations on market administration and fix a range for price floating. [passage omitted]

So long as we adopt appropriate measures, are adept at making use of the law of value, and skillfully manipulate the economic levers of finance and taxation, we will be able to ensure that the socialist market will be brisk and be operating in good order under proper administration.

Henan Governor Urges Plants To Hold Down Prices
HK1211062188 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 10 Nov 88

[Excerpts] Governor Cheng Weigao, who recently inspected the Zhoukou monosodium glutamate plant, has highly praised the plant for maintaining high quality and not raising prices despite increased costs of raw materials in the past few years. He expressed the hope that industrial enterprises throughout the province will regard improvement and rectification as a motive force, emulate this plant in turning their vision inward, exert genuine efforts to deepen internal enterprise reforms and tap potentials, and strive to improve economic returns. [passage omitted]

Governor Cheng Weigao said: Our enterprises are now facing still more severe tests. The quality of many of our enterprises is not high; in the past they were accustomed to relying on external assistance in expanded reproduction, and used the method of growing in size to boost output value and profits, instead of being skilled at relying on deepening the reforms to stimulate technological progress and practicing expanded reproduction by using internal factors. They were accustomed to relying on increasing prices to boost profit, and even relied on wild price increases to boost their income, instead of working hard to improve things within the enterprises, strengthen management, and raise economic returns.

As improvement and rectification deepen, it will not do to rely on large capital investments to expand the scale of production, and still less will it be possible to rely on wild price increases for profits. This sets still higher demands on our enterprises.

Cheng Weigao pointed out: The Zhoukou monosodium glutamate plant has provided very good experiences for us regarding the issues of whether enterprise production can develop and economic returns can improve in the new situation. This plant has relied on its own forces and tapped internal potentials to constantly maintain steady prices despite the ever-increasing costs of raw materials. Its economic returns have greatly improved. Industrial enterprises throughout the province should study the plant's experiences and exert genuine efforts to improve product quality and the levels of production technology and management, seeking development through these improvements.

Henan Commentary on Confidence in Rectification
HK1511035588 Zhengzhou Henan Provincial Service
in Mandarin 1030 GMT 14 Nov 88

[Commentary by Henan Radio and Television News Center: "Where Does the Confidence in Improvement and Rectification Come From?"]

[Excerpts] Since the CPC Central Committee put forward the policy decision on the improvement of the economic environment and rectification of the economic order, it has been wholeheartedly enjoyed by the cadres and the masses.

Over the past few years, the people have felt and personally suffered from the problems of the excessively large-scale capital construction, exorbitant rise in prices, inflation, and closing down and bankruptcies of enterprises running rampant. Regarding these problems, it is indeed a currently pressing matter to carry out improvement and rectification.

What the people are now most concerned with is whether or not a series of party policies and measures can be seriously and truly implemented. Confidence is a prerequisite of engaging in a cause. [passage omitted] Where does confidence come from? We cannot rely on empty talk but practical action. As Premier Li Peng said, we must use example and fact to strengthen the confidence of cadres at all levels and the masses. To strengthen confidence, example and action are necessary. So long as leading cadres at all levels seriously hold themselves responsible, diligently carry out supervision, strictly conduct inspection, and earnestly practice what they advocate, the desired results can be achieved in improvement and rectification work.

Recently, 2 cadres at the provincial level and 35 cadres at the departmental level of our province forfeited their wages or organ posts. The strict enforcement of orders and prohibitions has been ensured. The people feel from this practical action that the provincial party committee and provincial government are serious. It can be clearly explained in the other aspect that the strength of an example is the strength of confidence. It is insufficient for only the leaders to set an example. The vigorous actions of the cadres and party members are also required.

Improvement and rectification is an important matter of the whole party and all people and has a bearing on the overall situation and future. Every party member and cadre have an unshirkable duty. [passage omitted] Where is confidence in this sense? It is in the vigorous actions of the party members and cadres. An action is better than a dozen declarations. Confidence must be firm but must be embodied by the action of every one of us. Let us remember Lenin's words: We must say less lofty words but do more practical work.

Commentary Reviews Henan Drought Experiences
HK1211065788 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 11 Nov 88

[Reporter's Commentary: "Reflections on the Drought"]

[Excerpts] One drought after another has prevailed for at least 4 years in Henan. The whole province has been exhausting itself in fighting the drought.

The drought-affected area in 1985 was 68 million mu, and the drought lasted over 200 days in northern and western Henan. In 1986 the province suffered a drought just as bad as in 1942, the worst in its history, and over half the crops withered and died. Some 2 or 3 million people had difficulty finding drinking water. In 1987, summer drought followed spring drought, and autumn drought followed the summer drought. There was no harvest over 4 million mu. At the start of spring this year, the provincial government mobilized the whole province to fight drought and irrigate the wheat. As soon as spring sowing started, the province was again mobilized to fight drought.

For the sake of fighting drought, the provincial authorities issue circulars and hold urgent telephone conferences and on the spot meetings every year; work groups are organized, and large numbers of cadres are sent to the rural areas. The province spends no less than 200 million yuan fighting drought every year, and millions of laborers are engaged in the work. Such serious droughts and such heavy prices paid result in such heavy losses.

By drawing a lesson from these bitter experiences, we cannot but soberly realize the grim fact that Henan's water conservancy facilities, especially for fighting drought, are still rather brittle, even though the foundation exists.

In the years just after the contracted responsibility system with payment linked to output was introduced, certain comrades, mainly certain leading comrades, repeatedly cut investment in agriculture and especially in water conservancy construction. In 1979 investment in water conservancy construction accounted for 17.2 percent of the province's entire capital construction investment. In 1980, the proportion fell at one stroke to 9 percent, and by last year it was only 1 percent. And most of this investment has been used for projects for draining waterlogged land; the amount used for anti-drought projects was even more pathetic. To a very great extent, the stagnation and decline of agriculture in recent years is precisely the inevitable result of cutting investment and neglecting water conservancy construction. [passage omitted]

From now on, we must invest more money in water conservancy and work hard for 3 to 5 years or 7 to 8 years to build the agricultural foundation well, so as to

stimulate the steady development of agriculture to a new level. This is the common reflection of the people of the whole province when thinking of the drought.

Hubei Secretary Attends Science, Technology Forum
HK1511014388 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 10 Nov 88

[Excerpts] Yesterday morning in Wuchang Hongshan Guesthouse, Guan Guangfu, provincial party committee secretary, met 74 county deputies and vice mayors in charge of scientific and technological work who had attended a provincial forum on this topic. He held talks with them on how to implement the role of county deputies and vice mayors in charge of scientific and technological work.

(Qi Mingyi), Songzi County Deputy in charge of scientific and technological work, reported to Comrade Guan Guangfu that 11 county deputies and vice mayors who had come to Jingzhou Prefecture had given up the positive environment and conditions of big cities and gone to the main battlefield of economic construction. Although they worked very hard, they enriched their life and felt very happy. On learning this, Guan Guangfu highly appraised this view of hardship and joy. [passage omitted]

At the forum, some county deputies in charge of scientific and technological work reported to Comrade Guan Guangfu that after they went to the lower levels, they were unable to manage money, people, and materials. Some county deputies suggested that the provincial authorities should manage the county deputies in charge of scientific and technological work in a unified way so as to facilitate their work. In view of their views and suggestions, Guan Guangfu said: It is the policy decision of the provincial committee to choose and send down county deputies and vice mayors in charge of scientific and technological work. Practice proves that this policy decision is correct and the results are prominent. All departments at the provincial level and party committees and governments of all places must support their work and help them overcome difficulties and get rid of worries.

Guan Guangfu stressed: The major task of county deputies in charge of scientific and technological work must, in theory and practice, publicize and implement the principle that science and technology is the first productive force so that the work everywhere will stress the importance of science and technology and respect for knowledge and qualified personnel, the economic results and efficiency of economic construction can be raised, and twice the results can be obtained with half the effort. We must allow the county deputies in charge of scientific and technological work to have the posts, power, and responsibilities. We must treat them and local county deputies and vice mayors on an equal basis. We must

create conditions for absorbing them in order to participate in some local important policy decisions. The relevant departments at the provincial level must carry out management in a unified and coordinated way and give guidance to county deputies and vice mayors in charge of scientific and technological work in their efforts.

The leading comrades attending yesterday's forum were (Zhong Shuqiao), Chen Ming, Huang Zhengxia, and Han Nanpeng.

North Region

Beijing Establishes Corruption Center, Hotline
OW1211013388 Beijing XINHUA in English
0544 GMT 9 Nov 88

[Text] Beijing, November 9 (XINHUA)—The Beijing government has established a reporting center and telephone hotline to handle complaints from citizens about corruption.

Today's move is part of an ongoing campaign to enlist citizen support for the municipal government's current anti-corruption campaign.

He Yunxi, the center's chairman, said it is designed to keep the government honest and encourage people to expose instances of illegal action, bribery and abuse of power by government officials.

The center may also aid in attempts to monitor the lavish lifestyle of corrupt functionaries, the chairman said.

Reports can be made in person, by letter, by telephone or "any other way a resident chooses," he said. He added that the center will keep secret the names of people who contact it and ensure their safety.

The director stressed that complainants must, however, avoid libel or slander and stress facts in their reporting of alleged graft, corruption or other abuse of authority on the part of government officials.

After receiving allegations of unlawful conduct by officials the center will conduct a comprehensive investigation and inform the complainants of its results, he said.

A full-scale reporting network will be established within the year in all the districts and counties of the capital and network staff are now undergoing training, he explained.

Since last July, reporting stations have been set up in five of Beijing's 18 districts and counties. The station in the city's Eastern District has since received 219 reports, 87 of which have been dealt with.

The phone number for citizens wishing to take advantage of the hotline is 7014868, he added.

Construction Projects Suspended in Beijing
OW1211050288 Beijing XINHUA Domestic Service
in Chinese 1418 GMT 7 Nov 88

[By reporter Wu Shishen]

[Text] Beijing, 7 Nov (XINHUA)—Progress has been made in curbing the construction of office buildings, auditoriums, and guest houses in Beijing. Twenty construction projects involving over 700 million yuan in investments have been listed under the first group for suspension or postponement.

According to information from the State Council group in charge of checking office buildings, auditoriums, and guest houses in the Beijing area, of the 20 projects suspended or postponed, 4 are sponsored by the central organs and 7 others are jointly sponsored by either Beijing Municipality and the central organs or by Beijing Municipality and various provinces. They include an office building of the Ministry of Foreign Economic Relations and Trade, the Zhonglu Building of the State Council Overseas Chinese Office, the Dacheng Hotel of the Beijing Municipal General Housing Company, the Sichuan Building in Xicheng District, the Youth Palace of the Municipal CYL Committee, the Veteran Cadres Activity Center of the Municipal Bureau of Veteran Cadres, the Youyicun Hotel in Haiding District, the Taoran Guest House of the Municipal General Coal Company, the Zhujiang Guest House of the Municipal Housing Administration, and Huanan Hotel in Xicheng District. Together they have a total floor space of 600,000 square meters.

According to parties concerned, the enthusiasm of some departments and units in the Beijing area in putting up office buildings, auditoriums, and guest houses has not yet entirely abated. During a recent check, some units used various pretexts to defend their unqualified projects. Some stressed that their projects were "absolutely necessary." Some showed the "approval of senior leaders" as a shield. Others asked people of influence to intercede for them. Still others ignored the inspection entirely and quickened the pace of construction. The responsible person of the State Council group in charge of checking construction projects in the Beijing Area hopes departments under both the central organs and Beijing Municipality will take the lead, put the interests of the whole in first place, and set a good example for the entire nation.

Xing Chongzhi at Close of Hebei CPC Plenum
SK1211052088 Shijiazhuang HEBEI RIBAO
in Chinese 29 Oct 88 p 1

[Excerpts] The 7-day Sixth Enlarged Plenary Session of the Third Hebei Provincial CPC Committee ended at Shijiazhuang City today. The session called for efforts to resolutely unite the people's ideology and actions with the major policy decisions of the party Central Committee, firmly rely on the strong leadership of the party

Central Committee, fully display our political advantages, unify the thinking and actions of the people from the higher to the lower levels, work with concerted efforts, overcome all difficulties, and win victories in improving the economic environment, rectifying the economic order, and comprehensively deepening reform.

Xing Chongzhi, secretary of the provincial party committee, presided over today's closing ceremony. Attending the meeting were Li Wenshan, Yue Qifeng, and Lu Chuanzan, deputy secretaries of the provincial party committee, Zhang Chao, Ye Liansong, Qu Weizhen, Bai Shi, Liu Ronghui, Chen Yujie, and Li Haifeng, members of the Standing Committee.

More than 600 persons attended the session, including members of the provincial party committee, alternate members; members of the provincial Advisory Commission; members of the provincial Discipline Inspection Commission; leading party-member comrades of the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee; secretaries of the prefectural, city, county, and district party committees; commissioners of the administrative offices; city mayors; county and district heads; secretaries and deputy secretaries of the prefectural and city discipline inspection commissions; and principal responsible leading party-member cadres of various provincial-level units, large plants, and mining enterprises.

During the session, the participants heard, discussed, and adopted a report given by Xing Chongzhi, secretary of the provincial party committee, on conscientiously implementing guidelines of the third plenary session and struggling to realize the various improvement and rectification tasks, and a speech given by Yue Qifeng, deputy secretary of the provincial party committee and vice governor. In his report, Xing Chongzhi stressed that resolute efforts should be made to unite the ideology and actions of the people throughout the province with the major policy decisions of the party Central Committee. He put forward the major points of improvement and rectification. He called for efforts to conscientiously keep the government organs clean and honest, resolutely launch struggle against corruption, strengthen the party's leadership, and strictly observe party discipline.

In his speech, Yue Qifeng analyzed our province's economic environment and order, and gave an account of the province's economic situation and the tasks facing us. [passage omitted]

At the closing ceremony, Xing Chongzhi, Li Wenshan, Yue Qifeng, Lu Chuanzan, and Bai Shi delivered speeches.

Xing Chongzhi called for efforts to take the best use of our time to relay the guidelines of the third plenary session and the enlarged plenary session of the provincial

party committee to the lower level in a timely manner, and to further unify the thinking and understanding of the leaders and the party-member cadres. Generally, we should not hold large meetings but concentrate our energy on grasping our work in line with the guidelines and demands of the central authorities until good results are achieved. He said: We firmly believe that as long as we maintain great unity with the party Central Committee, and work with concerted efforts to implement the improvement and rectification principles, policies, and measures of the 3d Plenary Session of the 13th CPC Central Committee, and as long as all units and various fronts can achieve the goal of successfully carrying out all tasks which the party Central Committee and the State Council want them to do and resolutely refrain from doing things which the party Central Committee and the State Council do not want them to do, our work will surely advance and develop more soundly.

Li Wenshan gave a speech on improving the social and political environment. [passage omitted]

During the session, the participants also discussed the relevant draft documents concerning conducting education on the current situation, stabilizing the market, controlling commodity prices, further strengthening regular education, and deepening enterprise reform.

Li Ligong on Party Role in Shanxi Economic Work
HK1411014788 Taiyuan Shanxi Provincial Service
in Mandarin 2300 GMT 13 Nov 88

[Excerpt] Provincial party committee Secretary Li Ligong carried out on the spot inspections in Hongtong, Guxian, Anze, Linfen, Quwo, and Houma counties and cities in Linfen Prefecture from 31 October to 9 November. In forums with grass-roots party cadres and party members, he pointed out that it is essential to give full scope to the role of the party organizations and members in the work of improving the economic environment and rectifying the economic order.

Comrade Li Ligong said that in the short space of 1 month since the 3d Plenary Session of the 13th CPC Central Committee, Linfen Prefecture has scored notable results in cutting capital construction, controlling credit, withdrawing currency from circulation, curbing price hikes, and increasing supply. The confusion in the circulation field is being effectively straightened out. Practice has proven that the masses obey the party. So long as do our work well, strengthen party leadership, and give scope to our political strong point, and the party organizations and members can actively play their role, we will be able to get a grasp of the situation and achieve notable results in improvement and rectification.

Comrade Li Ligong stressed that correctly implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the 6th enlarged plenary session of the 5th provincial party committee depends on the

party organizations at all levels. The comrades at all levels must first study and appreciate the spirit of the third plenary session. No matter how great the difficulties, they must obey the central orders. Party members must first of all have a concept of the party, that is, the interests of the partial are subordinate to those of the whole. [passage omitted]

Commentary Discusses Shanxi Regulation, Control
HK1211010788 Taiyuan Shanxi Provincial Service
in Mandarin 2300 GMT 10 Nov 88

[Station Commentary: "Integrate Improvement and Rectification With Strengthening Macroeconomic Regulation and Control"]

[Excerpts] The main purpose of improving the economic environment and rectifying the economic order is to resolve conspicuous problems such as inflation and confusion in the circulation field. It is therefore necessary to control the scale of investment in fixed assets and the growth of consumption funds, and also [words indistinct] achieve balances in finances, credit, and foreign exchange. To reach this goal, we must strengthen and improve macroeconomic control [kongzhi] during the period of switching from the old system to the new and integrate improvement and rectification with strengthening macroeconomic control. [passage omitted]

In strengthening macroeconomic control, it is essential to uphold the prestige of the central authorities and ensure that their orders are carried out. The local party committees and government must also mean what they say and must not allow practices banned again and again to continue or allow unhampered anarchism or departmentalism. For instance, in cutting capital construction and controlling insitutional purchasing power, it is essential to go about the work in a genuine fashion, not a sham one.

It is necessary to strengthen the macroeconomic supervisory setup; under the unified directions of the central authorities, we should strengthen the macroeconomic control functions of the planning, banking, financial, taxation, customs, and railroad departments, and give full scope to the role of these supervisory departments. We must also step up supervision over these departments and form a tight supervisory system, to ensure the implementation of the central authorities' macroeconomic control measures.

In strengthening macroeconomic regulation and control [tiao kong], we must make comprehensive and simultaneous use of economic, administrative, legal, disciplinary, and ideological and political work measures. In the past we were correct to stress economic measures, but we cannot on that account relax the use of administrative and legal and disciplinary measures. In the past we were correct to stress the principle of material interests, but we cannot on that account relax ideological and political

work and abandon efforts to use and give scope to our political strong point. If we simply rely on economic measures during a period of reforms, when new systems are replacing the old, serious chaos in economic life can hardly be avoided. Of course, strengthening administrative measures is for the purpose of promoting the reforms still better, not for going back to the old road. [passage omitted]

Tianjin's Li Ruihuan Cited on Social Order
SK1011122888 Tianjin City Service in Mandarin
2300 GMT 9 Nov 88

[Text] The municipal work conference on comprehensively improving social order ended on 9 November.

Li Ruihuan, Wu Zhen, and Zhang Zaiwang attended and spoke at the conference. President at the conference were leading comrades, including Liu Jinfeng, Wang Xudong, Lu Xuezheng, Lan Baojing, Li Yuan, Pan Yiqing, Lu Huansheng, Xiao Yuan, Wang Yongchen, and Fang Fang.

Li Ruihuan pointed out in his speech: In a sense, improving the social environment and rectifying social order is fundamentally more important than the work in other spheres. This conference is sponsored by the public security front to implement the guidelines of the central authorities as well as to provide the units throughout the municipality with the necessary guarantee for implementing the guidelines of the central authorities. So, this conference is very important.

Over the past few years, Tianjin Municipality has been among the best in the whole country in terms of its social order. However, some new problems also emerge along with the development of reform and opening to the outside world. Thus we must strengthen the overall improvement of social order.

What does overall improvement indicate? Briefly, overall improvement means relying on the forces of society to solve the problems in social order. Social forces principally come from the people. At any circumstances, we should rely on the popular forces to carry out public security work and to protect the interests of the people.

We must deal strict blows to various types of criminal activities and regularly and ceaselessly wage various types of special struggle against criminal activities. Meanwhile, we must understand that social order cannot be improved only through the strict struggle against criminal activities and that emphasis must be placed on education and the work of educating the people with morality in order to improve social order. Strict struggle against criminal activities should be linked with education.

We should advance the party's traditional experiences and political advantages, and organically link the education by families, schools, society, and units.

Li Ruihuan said: Under today's highly advanced scientific and technological situation, organs of dictatorship should install themselves with modernized means and methods in order to improve their reserve force, capability of meeting an emergency, and fighting capacity.

Li Ruihuan said: We must conscientiously summarize experiences comprehensively improving social order that have been gained over the past years and turn our scattered experiences into systematic ones so as to legalize, institutionalize, and regularize the overall improvement of social order.

Liu Jinfeng, deputy secretary of the municipal party committee, made a summary speech at the conference.

Northwest Region

Gansu Secretary, Governor Inspect Hexi Region
HK1511005988 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 11 Nov 88

[Text] In order to implement the strategy of invigorating the areas to the west of Huang He in support of the development of the eastern part of Gansu Province proposed by the provincial party committee and the provincial government, speed up agricultural development in Hexi region, and thus step up the efforts to enrich the whole province, provincial party committee Secretary Li Ziqi and provincial Governor Jia Zhijie have made thorough investigations into agriculture in several prefectures and cities of Hexi region. During their stay in Hexi, they have conscientiously deliberated with comrades there over the question of speeding up the development in the region, and arranged tasks for the next 4 years to step up local agricultural development.

In the past few years, agricultural production has been developing continuously and steadily in Hexi region. A commodity grain production base has begun to take shape there. Thus, the region has helped to lay down a solid foundation for the establishment of a complex commodity production base with grain-oriented agriculture as its mainstay and has made outstanding contributions to the development of the economy and a stable political situation in Gansu Province.

Li Ziqi and Jia Zhijie pointed out: Without Hexi's efforts the positive situation in Gansu during the past few years would have been impossible. Now that the best period for Hexi to reap good results from agricultural development has arrived and the conditions for speeding up local development are available, we must seize the opportunity to push the development of Hexi into a new stage.

Li Ziqi and Jia Zhijie suggested the following guidelines for agricultural development in Hexi region: It is necessary to use reform as a motive force, promote development while tapping latent potential, take grain production as the key link, promote all-around development, set

store in economic returns, and increase commodity production. The region should be developed by stages, with our efforts concentrated on running key projects and implementing key measures, they said. In the near future, we must concentrate our attention on one basis and four key links. The one basis means to step up the fundamental construction of the commodity grain production base, including the construction of irrigation and water conservation facilities, the improvement of the basic conditions for agricultural production, the increase in investment in production of chemical fertilizer and plastic sheeting, the increase in investment of funds and manpower, and the popularization of scientific farming. There are four key links: First, with regard to production of commodity grain, it is necessary to raise the per-unit-area yield. Second, it is necessary to give full play to the rich resources as an advantage by developing commodity production bases to produce such quality products as sugar, edible oil, vegetables, and fruits. Third, it is necessary to develop commercial animal husbandry, build up commercial animal husbandry bases with a suitable scale, and designate some areas to engage in specialized production of hogs, sheep, eggs, and cattle. Fourth, it is necessary to develop processing industries to mainly process farm products, so as to speed up rural and local industrial development.

Concerning the material guarantee for agricultural development in Hexi region, Li Ziqi and Jia Zhijie said: With an ample supply of chemical fertilizer ensured, we can expect this region to produce much grain. When the projects to build, extend, or transform five chemical fertilizer plants in Gansu are completed, the province's annual output of chemical fertilizer will be raised by 1.5 million tons, thus increasing the amount of chemical fertilizer at the province's disposal by 100 percent. When the 60,000-ton polyethylene project is put on line, 4 million mu of farmland in the province will be provided with plastic sheeting. In light of all these factors, there are very bright prospects for agricultural development in Hexi.

Gansu Governor Stresses Importance of Grain
HK1111065888 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 10 Nov 88

[Text] Addressing a provincial meeting of prefectural, autonomous prefectural, and city grain department directors which closed yesterday in Zhangye, Governor Jia Zhijie emphasized that it is necessary to be fully aware of the importance of grain production to improving the economic environment, rectifying the economic order, and carrying out the all-around reform in depth in the next 2 years; and that it is necessary to guide the peasants to give overall consideration to the whole situation and to actively sell grain to the state, so as to repair the pace in grain storage in the province.

Jia Zhijie said: After five consecutive years of continued, steady, and balanced development of agricultural production, Gansu Province has reaped a bumper harvest

this year despite drought, flood, and hailstorm. It is expected that this year will witness a record grain output of 5.75 million tons, an increase by 8.5 percent over 1987. Although the situation is gratifying, we are still facing some problems. For example, the pace of storing grain is slow, the variety of procured grain is not quite rational, and so on. Therefore, it is necessary to make greater efforts to seek consensus, be more enlightened, bear in mind the guiding principle that grain production is the basis for a stable market, take some practical measures to encourage the peasants to sell more grain of fine quality to the state, honor purchase contracts, and thus speed up the work of grain storage. The departments concerned must strengthen administration over grain markets and see that the procurement of grain is free from interference from various sectors. Grain departments must make every effort to improve service and offer convenience to the peasants, and banks must ensure that payment will be duly made to grain sellers so as to ease the masses' minds.

Provincial party committee Secretary Li Ziqi also attended the meeting and delivered an important speech calling for stepping up political and ideological work in grain departments and improving the quality of the department staff.

Qinghai Leaders View Current Economic Issues
HK1311015588 Xining Qinghai Provincial Service in Mandarin 2300 GMT 12 Nov 88

[Excerpts] On the afternoon of 11 November, Qinghai Provincial CPC Committee Secretary Yin Kesheng and Governor Song Ruixiang spoke to managers and directors of some 20 enterprises and leaders of government departments concerned on current problems in improvement, rectification, and the deepening of enterprise reforms in the province.

Yin Kesheng said: The provincial party committee recently sent five work groups to various places to find out the situation. They found that all areas support the current improvement and rectification work, but there are also some lingering worries. Some people worry that improvement and rectification will affect the pace of deepening the reforms. Actually, such a worry is unnecessary. Our general orientation and policy is to persevere in reforms. Only through reforms can we advance. And improvement and rectification are precisely for the purpose of stimulating the reforms. We must correctly understand the relationship between improvement and rectification and deepening the reforms.

Discussing some problems that need attention in improvement and rectification work, Yin Kesheng said: At present we must cut capital construction and ensure an appropriate growth rate. This is the general guideline. However, in specific implementation, we must retain some projects while cutting others. We must cut large nonproductive buildings and projects for which production conditions and capital have not been firmed up.

Apart from that, Qinghai's industrial foundation is poor, and certain projects with good returns and development prospects must be retained. If everyone has to take his seat according to the number on the ticket, our local industry will suffer losses. [passage omitted]

Special attention must be paid to distinguishing between mistakes made due to lack of clear policy demarcation lines on the one hand and economic crime on the other. We should gain the masses' understanding and support. Only thus can our improvement and rectification proceed smoothly.

Governor Song Ruixiang spoke on issues in deepening enterprise reforms. He said that the province has scored marked success in this work this year. [passage omitted] However, generally speaking the tasks facing us in enterprise reform remain very heavy. Due to raw material and production condition constraints, enterprise returns are not high, and there are very many latent factors for increasing product prices. This all the more requires that the enterprises deepen the reforms, strengthen their digestive capacity, and improve economic returns. [passage omitted]

At the invitation of the enterprise managers and directors, Song Ruixiang spoke on the service provided by the government departments for enterprise reforms. He said: Problems such as low work efficiency and weak concept of service exist in certain government departments. The income of some enterprises is affected because data received from them is dealt with too late. Problems reported by some enterprises are endlessly tossed around from department to department. These things seriously affect the enterprises' enthusiasm for reforms.

The government organs must take account of the enterprises' difficulties and support the enterprise reforms. They must not detain enterprise powers or infringe on enterprise interests. Charges and fees imposed on enterprises must be investigated and dealt with. [passage omitted]

Qinghai Leader Views Party-Building at Forum
HK1511020188 Xining Qinghai Provincial Service in Mandarin 2300 GMT 14 Nov 88

[Excerpts] On 14 November, Yin Kesheng, Song Ruixiang, Lu Baoyun, (Tang Zhengren), and Bian Yaowu held a forum with some party secretaries attending the provincial organizational work conference to discuss issues of party-building.

Yin Kesheng pointed out: At present the work of some party organizations is slack. The minds of some party members are confused and their spirits are low. The main reason is that they have shed the constraints of party discipline. He demanded that all party members

uphold the authority of the party and the rigor of party discipline. They must withstand the tests of holding power and carrying out reforms and serve the people wholeheartedly.

Yin Kesheng said: Improvement, rectification, and reform constitute the core task for next year and the year after. Party building must be carried out in the practice of this core task. We must conduct education for the party members starting with party discipline, the vanguard and model role of party members, and the program of serving the people wholeheartedly. At present certain people in society have developed doubts and distrust in party leadership, and even maliciously vilify it. Party members must affirm their faith. The history of China has proven that the Chinese nation could only have been saved by the CPC. Of course, there indeed exist some phenomena of corruption in society today. These are individual cases, and the party cannot tolerate their existence. In the course of improvement, rectification, and reform, we must test cadres and party members, deal with corrupt elements, and commend outstanding party members. We should gain trust from the people by means of the model role of party members.

Yin Kesheng said that strengthening the building of the party's grass-roots organizations is the foundation of improving the party's fighting strength. Only by giving scope to the role of the grass-roots organizations can we enhance the party's prestige among the masses. This requires that the grass-roots party organizations think of the masses and do more for them. The grass-roots organizations should become strong fighting forces. [passage omitted]

Yin Kesheng also spoke on the question of improving and strengthening the party's ideological and political work. He said: At present quite a number of people neglect ideological and political work. Political work cadres also feel that they have no role to play. This feeling, plus their unfair pay and conditions, affects their mental state. He demanded that everyone understand Qinghai's objective conditions and work hard to create new conditions and achieve some tangible results in Qinghai. Ideological and political work is a party strength, and must be maintained and stepped up.

Qinghai Opens Organizational Work Meeting
HK1211035988 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 11 Nov 88

[Excerpts] A provincial organizational work conference opened in Xining on 11 November. The main agenda consists of seriously summing up experiences and lessons in this work over the past 5 years and studying and making arrangements for governing the party with strictness, stepping up the building of the leadership groups, and deepening reforms in the organizational and personnel system. Provincial party committee Deputy Secretary Tian Chengping attended the opening of the meeting.

(Che Chengtong), director of the provincial party committee's organization department, delivered a report. He said that since 1983, Qinghai has seriously implemented the guideline on four transformations of the cadre force and stepped up the building of the leadership groups. During this period over 4,000 outstanding young and middle-aged cadres have been promoted to leadership posts at county-level and above. The political and professional qualities of the leadership groups at all levels have improved. Compared with the period before structural reforms, by the end of last year the average age of leadership group members of prefectures and cities on the one hand and of the provincial organs on the other had respectively dropped from 54.3 and 56.5 years to 50.6 and 50.4. The numbers with college or higher education had respectively risen from 8.2 and 15.1 percent to 30.3 and 45.5 percent. There have been corresponding changes in the averages age and education standards of county-level leadership groups.

In recent years, the province has actively explored reforms in the cadre and personnel system by delegating cadre management powers and launching democratic assessment and recommendation of cadres and opinion surveys. This has initially formed into a system. Some improvements have been made in the system of appointing and electing cadres. Appointments and dismissals of cadres have been done in accordance with the legal procedures. [passage omitted]

During this period the province has recruited 39,000 party members, and has basically solved the problem of intellectuals' difficulties in joining the party.

(Che Chengtong) said: We must realize that there are some deficiencies and problems in our work in the new situation of reforms and opening up. For instance, in some respects ideological concepts do not match the demands of developments, and there is a lack of pioneering spirit. Strengthening party building has not attracted sufficient attention. Measures for governing the party with strictness have not been sufficiently firmed up. The pace of reforms in the cadre and personnel system is slow. The degree of democracy in selecting and promoting cadres is not high, and the work is not visible enough, and so on.

He stressed that China's all-around reforms have now entered the key period. Organizational work must be closely centered on the party's core task and be based on the province's realities. We must seriously sum up experiences and study the special features of organizational work in Qinghai resulting from the province's state of social, economic, and cultural development. Under the guidance of the principles and policies laid down by the central authorities, we should do a sound job in party building and cadre work and score outstanding results, to provide a firm organizational foundation for making a success of reforms and economic construction.

Grain Bureau Directors Outline Tasks in Qinghai
*HK1511020388 Xining Qinghai Provincial
Service in Mandarin 2300 GMT 10 Nov 88*

[Excerpts] The provincial meeting of grain bureau directors, which concluded on 10 November, put forward: At present, all grain departments throughout the province must step up the procurement of grain and oil, strengthen control over the grain market, and ensure the fulfillment of quotas for the procurement of grain and oil.

The meeting held: The overall situation in grain and oil production in our province this year is good. However, the work of procuring grain and oil and storing them in warehouses has been carried out slowly. By the end of October, only 23.2 percent of the quota for procurement had been fulfilled. The main reason was that the grain and oil market did not control the market grain price, which was higher than the state procurement price. This affected peasants' enthusiasm for selling their grain to the state.

The meeting demanded: Grain departments at all levels must regard the work of procuring grain and oil as an important current task, truly strengthen leadership, educate well the peasants, and clearly tell them that selling grain and oil to the state is an obligatory duty and the specific expression of supporting state construction. All places must seriously implement the relevant policies. [passage omitted]

To ensure the fulfillment of quotas for the procurement of grain and oil, the meeting decided: Before the fulfillment of quotas for the procurement of grain and oil throughout the province, all grain and oil must be procured by the Grain Department in a unified way and the other departments and individuals shall not procure them privately. Transport permits must be issued by the Grain Department at and above the county level for the batch grain and oil transport within the province. The transport of grain, oil, or sideline products out of the province must be approved by the provincial Grain Department. It is necessary to step up the control over grain and oil prices. [passage omitted]

Vice Governor Bian Yaowu spoke at the conclusion of the meeting.

Shaanxi Secretary Stresses Enterprises' Role
*HK1111063488 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 10 Nov 88*

[Text] Addressing a discussion meeting of responsible persons from 20 enterprises and some industrial departments and bureaus yesterday afternoon, provincial party committee Secretary Zhang Boxing pointed out that enterprises should play an active role and Shaanxi Province should strive for economic development in the current operation of improving the economic environment and rectifying the economic order.

Yesterday's discussion meeting was organized by the provincial economic commission at Zhang Boxing's request. Among industrialists present at the meeting were the 12 directors from the plants which had been designated by the province to carry out pilot projects of enterprise reform. They were particularly active during the meeting. They frankly briefed the leading comrade of the provincial party committee on the difficulties that enterprises are facing in production, such as the problems concerning supply of funds and energy. They unanimously emphasized that the improvement and rectification operation must be carried out in light of the actual situation in the province and the real conditions in individual enterprises.

Zhang Boxing made an impromptu speech at the conclusion of the meeting. He said: Our province has achieved great success in the readjustment of the economy, especially of the industrial economy, in the past 10 years' reform and development. At present, while taking the operation of improving the economic environment and rectifying the economic order as our major task, we must also find a way to achieve economic development and progress through the improvement and rectification operation, based on the existing conditions.

Zhao Boxing reckoned that in order to achieve economic development through the improvement of the economic environment and the rectification of the economic order, the province must, first, maintain the potential of industrial development; second, keep up agricultural production; third, ensure a smooth progress in the transformation of military industrial enterprises into non-military industrial enterprises; and fourth, carry out the all-round reform further and in depth and enhance the management standard.

Elaborating his views in detail he said: To maintain the potential of industrial development means to ensure the smooth progress of technological transformation projects, the operation of major enterprises which are to turn over a large amount of taxes and profits to the state, the development of backbone trades, and the production of fist products and raw and processed materials. These are key industrial branches which are to enjoy preferential treatment in terms of policy. Meanwhile, it is necessary to continue to readjust the production structure. To keep up agricultural production, we must make efforts to raise grain output, to promote the diversified economy, and to increase the peasants' income. As for the task of ensuring smooth progress in the transformation of military industrial enterprises into non-military industrial enterprises, Zhang Boxing said: Military industrial enterprises in Shaanxi province have taken development of non-military products as their main target in the past few years and now they have entered a new stage of development. Local industrial enterprises and township and town enterprises must be aware of this fact. They should try to establish economic association with military

industrial enterprises, and make use of military industrial enterprises' favorable conditions in equipment and technology to invigorate the province's economy.

Activities by Shaanxi's Zhang Boxing Highlighted

Discusses Propaganda Work

*HK1211024388 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 12 Nov 88*

[Excerpts] A provincial conference of Propaganda Department heads concluded in Xian yesterday after 3 days in session. In accordance with the views of the provincial party committee, the meeting made arrangements for launching education in the situation and tasks throughout the province. Provincial party committee Secretary Zhang Boxing, provincial Advisory Commission Chairman Zhang Ze, and provincial party committee Deputy Secretary Mou Lingsheng attended the summation meeting yesterday and spoke on how to do a good job in education in the situation.

After outlining the province's political and economic situation and the existing problems, Comrade Zhang Boxing pointed out that launching education in the situation is extremely essential for improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms. [passage omitted] The key to making a success of this education lies in fully and correctly grasping the spirit of the 3d Plenary Session of the 13th CPC Central Committee. In conducting this education, we must guide the cadres and masses to handle well five relationships: between the partial and the whole; between improvement and rectification on the one hand and deepening the reforms on the other; between improvement and rectification and maintaining steady development; between improving the economic environment and improving the political environment; and between strengthening discipline and creating and pioneering new things.

Zhang Boxing said: Setting out the problems in a truth-seeking way is the fundamental way to carry out education in the situation. Caring for the masses' daily life and resolving their practical problems is the fundamental guarantee for making a success of this education. With reference to the supply of daily necessities in Xian City, such as grain, oil, coal, matches, and so on, he said that

Shaanxi was in fact capable of guaranteeing the supplies of grain, oil, and so on, and had stocks in hand; however, due to lack of proper arrangements plus insufficient propaganda, supplies are short or non-existent in some places, arousing dissatisfaction among the masses. The provincial party committee has specifically issued a document on caring for the masses' daily life. When conducting education in the situation, all localities must seriously check on the state of arrangements for people's daily life this winter and next spring, and integrate education in the situation with resolving practical problems. [passage omitted]

Hears Statistics Report

*HK1311024388 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 13 Nov 88*

[Text] Provincial party committee Secretary Zhang Boxing yesterday listened to a report from the provincial statistics bureau on the economic situation, growth rate, and prices. A responsible comrade of the bureau reported that Shaanxi's industrial growth has been relatively rapid this year, the size of investment has been brought under control, exports have increased, the markets are prosperous, and relatively big increases have been recorded in gross domestic product and national income. Gross domestic product has increased by an annual average of 8.9 percent during the past 10 years, and this year has exceeded 26.2 billion yuan.

However, the economic situation remains very rigorous. Inflation is continuing, prices are rising too high, there is a big gap between social supply and demand, and consumption funds have grown too fast. Output of grain, cotton, and oil has dropped, and the province's reserve strength in agricultural production is seriously deficient.

On issues closely related to people's daily life such as prices, grain, and oil, the responsible comrade said that the price rise index next year must be kept below 10 percent. This will be a very arduous task. It is essential to improve investment returns and do more while spending less.

Zhang Boxing said to the statistics bureau comrades: The data in your hands is relatively complete, objective, and accurate. In the future I will come to you once a quarter—or you will come to my place—to hear your views on the provincial party committee's work.

Gun Smugglers Colluded With Mainland Officials
OW1511113288 Taipei CHUNG KUO SHIH PAO
in Chinese 5 Nov 88 p 1

[Text] Forty-eight boxes of radio equipment and bullet-proof vests have been seized. They were the first shipment of firearms [as published] purchased from communist China by Chen Wei (male, 46, a native of Kwangsi), owner of an electronics equipment and materials company located in Taichung, who went secretly to the Chinese mainland to sign a contract with Chinese communist officials to purchase firearms, including 77-type pistols and silencer-mounted 67-type pistols.

After his arrest, Chen Wei admitted that he has smuggled into Taiwan a batch of "dagger-shaped guns" developed recently by communist China, adding that the guns have been sold to gangsters.

According to the Ministry of Justice's Changhua Investigation Office, the masterminds of the smuggling are Chen Wei (male, age 46), owner of the Atlantic Electronic Communications Company located in Taichung, and Chang Tean (male, age 30), a Taichung citizen. The other three accomplices are Chen Han Hsinchen (age 26), wife of Chen Wei; Chin Lung (male, 30, a native of Hupei); and Lai Ming-chih (male, 39, a native of Changhua), owner of the Chienli Trade Company located in Changhua County. They have all been turned in to the Taichung Prosecutor's Office for detention.

Investigation units learned in early July that illegal elements were trying to smuggle communist Chinese-made guns into Taiwan. After an in-depth investigation, they knew that the mastermind of the smugglers was Chen Wei, a wholesale dealer of radio equipment and materials, and that with the help of Lai Ming-chih, Chen often smuggled radio equipment and materials into Taiwan and had them sold illegally. They also knew that Chen Wei had colluded recently with his friend Chang Tean to smuggle communist Chinese-made "dagger-shaped guns" into Taiwan and sell them to gangsters to earn exorbitant profits.

According to the investigation, Chen Wei and Chang Tean went secretly to the Chinese mainland to talk with communist Chinese personnel on the selection of goods. Chang Tean even obtained an employee's card of the Peking Public Security Bureau through special channels and traveled secretly to the Chinese mainland in September. He signed a contract with Communist China's state-run "Chingan Company" to purchase 350 77-type pistols, 67-type silencer-mounted pistols, and dagger-shaped guns as well as 150 bulletproof vests. The purchase totaled \$280,000. The Hong Kong-based Yu Tien Company was asked to pay \$10,000 in deposit in his behalf.

Chang Tean later cabled Chen Wei and advised him to prepare cash for the delivery of goods and to arrange fishing boats to smuggle the goods. He returned to

Taiwan in early October. At the same time, Chang Tean and Chin Lung also planned secretly to go to the mainland in early November to purchase 50 dagger-shaped guns and 10 bulletproof vests, and have them smuggled into Taiwan.

The investigation units had originally planned to postpone the arrest until the guns purchased by the culprits were smuggled into Taiwan. However, they feared that if something went wrong, these guns would be obtained by gangsters and would adversely affect public security. They therefore decided to strike first in order to prevent possible troubles, and searched the residences of Chen Wei, Chang Tean, and other culprits.

It was reported that before planning this firearms smuggling, Chang Tean had imported several "dagger-shaped guns" into Taiwan by having them stored in radio equipment in order to pass customs. It was said that some gangsters may presently possess these guns. Investigation units are making strenuous efforts to investigate where these guns have gone.

Official Reveals Joint Warship-Building Plan
OW1511100888 Taipei Domestic Service
in Mandarin 2300 GMT 14 Nov 88

[Text] Vice Admiral Chuang Ming-yao, naval chief of staff of Navy Headquarters, announced yesterday at the Legislative Yuan the government's plan to build second-generation warships. He said: The Republic of China will cooperate with the United States and the Republic of Korea [ROK] in building these warships and plans to build 8 missile Perry frigates within 10 years and 16 missile patrol boats within 11 years.

The first Perry frigate to be built in cooperation with the United States will use technical data and materials to be purchased from the United States. The second one will be built in Taiwan by the China Shipbuilding Corporation with technical assistance from the [name indistinct] Shipbuilding Corporation of the United States. The third and the rest will all be built by the China Shipbuilding Corporation. As for the patrol boats to be built in cooperation with the ROK, the original plan was to order six boats from the Hyundai Shipbuilding Corporation of the ROK. But now the government has asked the Hyundai Shipbuilding Corporation to [words indistinct] and build only two ships in the ROK [words indistinct]. The government also has asked the corporation to submit quotations and will decide on how the first batch of ships will be built after studying the quotations.

Commentary Views Bush as 'Genuine China Expert'
OW1011130688 Taipei Domestic Service
in Mandarin 2300 GMT 9 Nov 88

[Station commentary]

[Text] The results of the 1988 U.S. presidential election, the focus of world attention, were published yesterday [8 November]. Republican candidate Bush won a victory

over the Democratic candidate and was elected President. The results of the election of members of the House of Representatives and some senators and governors, which has created a situation of democratic contention between a Republican administration and a Democratic Congress, were also published. The people of the world are particularly concerned about the proceedings and results of the U.S. presidential election because the U.S. President is the most influential chief of state in the world.

Bush, with his prestige as vice president during the two Reagan administrations over the past 8 years and with President Reagan's all-out support, won a landslide victory just as preelection polls had showed. He won the support of voters not only in Republican-dominated states, but also in many southern and mid-western states, which are Democratic Party strongholds.

Bush was born to a well-known family and his father was a U.S. senator. Bush served in the Navy during World War II. After the war he was engaged in the petroleum business, elected member of the House of Representatives in 1966 at the age of 42, and was reelected 2 years later. He ran for U.S. senator in 1970 and failed. Since 1971 he has served successively as U.S. ambassador to the United Nations, chairman of the Republican Party National Committee, chief of the U.S. Liaison Office in Peiping, and director of the Central Intelligence Agency. He has been serving since 1980 as vice president for 2 terms after winning in elections as Reagan's running mate.

Economic prosperity and the international reconciliation achieved during the 8 years of the Reagan administration gave Bush a tremendous edge during the presidential campaign. In particular, his emphasis on large enterprises, free economy and defense capability, and his objection to a tax increase were accepted universally by the voters. According to a survey, 62 percent of the owners of 500 major firms in the United States said that they will expand their operations if Bush is elected, while only 1 percent of them said that they will do so if Dukakis is elected. This shows Bush's political charm. He is the first incumbent U.S. vice president to win the presidential election in the last 152 years. He is the only person in the last 40 years who has made a U.S. political party win 3 consecutive presidential elections. Bush won the voters' support in the election because of his prestige and political charm. The international community is also glad to see him as the boss of the White House. This is because Bush will surely work on the foundation laid by Reagan to continue the foreign policy of seeking peace with strength. U.S. defense spending is expected to decrease under the policy of U.S.-USSR reconciliation, and decreased defense spending will help reduce U.S. budget deficits. Asian-Pacific nations, particularly the four little tigers, hope even more that Bush will continue to lead the U.S. Government in checking the trade protectionism of the Congress and improving economic and trade relations with other countries.

Speaking of U.S. policy toward the Republic of China [ROC], a matter with which we are most concerned, Bush is a genuine China expert. He took part in making and implementing many important policies toward China in the past. He is familiar with the situation on both sides of the Taiwan Strait. He also has good relations with leaders on both sides of the strait. Therefore, although Bush will encounter and be perplexed by more domestic problems, such as huge budget deficits, trade deficits, and increasing social injustice in the next 4 years, we believe that he will continue the policy of stability toward the ROC and will consider the interests of both sides of the Taiwan Strait.

Bush was chief of the U.S. Liaison Office in Peiping and repeatedly served as a messenger between the United States and the Chinese Communists. Such a background may cause some misgivings among the people of the ROC.

However, we should not forget that when the ROC was compelled to withdraw its UN membership in 1971, Bush, as U.S. ambassador to the United Nations, harshly denounced the United Nations. For this reason we should not be worried that Bush will impair ROC-U.S. relations when he becomes master of the White House. Nor should we expect him to reduce the pressure in the ROC-U.S. exchange rate talks after he becomes president. Only when we rely on ourselves to become stronger and back ourselves with strength can we gain the initiative in improving ROC-U.S. relations and free ourselves from others' control.

Lower Trade Surplus With U.S. Forecasted
OW1411051788 Taipei CNA in English 0246 GMT
14 Nov 88

[Text] Taipei, Nov. 14 (CNA)—The Ministry of Economic Affairs [MOEA] said Sunday the Republic of China's [ROC's] trade surplus with the United States this year will be reduced to U.S.\$10 billion from 1987's U.S.\$16.01 billion.

The ROC's surplus in international balance of payment will also be cut to somewhere around U.S.\$7 billion against last year's U.S.\$20.31 billion, the MOEA said.

Vice Economics Minister Li Mo said the time of two-digit annual economic growth has passed and a balanced international payments will certainly help the nation maintain better economic and trade relations with friendly countries.

The reduction in the trade surplus will inevitably affect the nation's over-all economic growth, Li said. He urged domestic industrial and commercial circles to adjust their operational strategies accordingly.

Planning Minister on Trade Gap With U.S.
OW1511091488 Taipei CNA in English 0244 GMT
15 Nov 88

[Text] Taipei, Nov. 15 (CNA)—The Republic of China [ROC] sincerely wants to improve its trade imbalance with the United States and the nation has done more and better in this regard than America's other trading partners, Fredrick Chien, chairman of the Council for Economic Planning and Development, said Monday.

Chien, former ROC representative in Washington, repeatedly emphasized the point when meeting separately with several U.S. congressional delegations currently visiting Taipei.

Members on the U.S. missions all expressed concern over the economic and trade problems between the ROC and the U.S.; they stressed that the American Government is determined to eradicate all unfair trade practices adopted by foreign countries, according to Chien.

During the meetings, Chien told the American visitors that the nation has been doing everything it can to narrow its trade gap with the U.S., the nation's biggest trading partner. "We have made more efforts than any other country and our efforts have borne better results than other countries," he stressed.

Comparison of 'Commentary' Views 'Bush Era'

Taipei International Service in English at 0200 GMT on 10 November carries a commentary entitled "The Bush Era Begins." This version has been compared with the CNA version published in the 10 November China DAILY REPORT, pages 73-74, revealing the following variations:

Page 73, column two, paragraph two, last sentence reads: ...the last day or two, some polls had...[noting rewording]

Same page, same column, paragraph three, last sentence reads: ...were faced with two relatively boring candidates. [adding word "two", deleting comma]

Same page, same column, last paragraph, first sentence reads: For Mr Dukakis, there is much honor...[noting additional word]

Page 74, first column, only paragraph, last sentence reads: ...for Bush, and we look forward to the beginning of the Bush era. [noting rewording]

New Government Information Office Head Appointed
OW1111053388 Taipei CNA in English 1032 GMT
10 Nov 88

[Text] Taipei, Nov. 10 (CNA)—The cabinet Thursday [10 November] approved the appointment of Liao Cheng-hau, chief of the First Division of the Executive Yuan, as deputy director general of the Government Information Office.

Liao, 42, of Taiwan, has bachelor's and master's degrees in law from National Taiwan University. He has been a lawyer, a college professor and an adviser to the Taiwan provincial government. He also once served as commissioner of committees on administrative regulations and on administrative appeals under the provincial government.

Hong Kong

U.S. Consul General Cited on Post 1997 Future
OW1111105488 Beijing XINHUA in English
1028 GMT 11 Nov 88

[“U.S. Consul General Shows Confidence in Hong Kong”—XINHUA headline]

[Text] Hong Kong, November 11 (XINHUA)—Donald Anderson, the United States consul general in Hong Kong, affirmed on Thursday his government's confidence in the economic flexibility and development of post-1997 Hong Kong.

Citing increasing foreign investment in Hong Kong and its own free market policy, he said Hong Kong would preserve its competitiveness in the world marketplace, and suggested that increasing economic activity throughout East Asia should inspire confidence in a sound future.

Commenting on U.S. trade relations with Hong Kong, Anderson said the U.S. deficit with Hong Kong basically stabilized in 1987, and during the first seven months of this year, it declined by over 27 percent, principally because of rapid growth in imports from the U.S. and Hong Kong's diversification of its export markets.

“Hong Kong has been the most successful in Asia at encouraging U.S. imports,” he told a Rotary Club gathering.

He also said that the transfer of sub-assembly operations into the Chinese mainland did not divert investment resources from Hong Kong. Contrarily, it allowed Hong Kong to concentrate locally on the higher value-added, more capital- and technology-intensive end of the market, he noted.

Government To Table UN Human Rights Report
HK1211022788 Hong Kong SOUTH CHINA MORNING POST in English 12 Nov 88 p 1, 5

[By Terry Lee and Simon Macklin]

[Text] Following international criticism the government has acceded to a request from Legislative Councillors to table a British Government report on human rights in Hong Kong presented to the United Nations Human Rights Committee in Geneva last week.

The approval of the British Foreign Office has been secured and the report, together with a Chinese translation, could be tabled as early as next Wednesday.

And an official statement by the attorney-general, Mr Jeremy Mathews, or the chief secretary, Sir David Ford, may follow.

Meanwhile, Sir David last night refuted criticisms levelled by members of the UN committee at restrictions placed on the liberties of Hong Kong people.

“In spite of the criticism, I think we all know that there are freedoms in Hong Kong and I think we all know that these freedoms will be maintained—at least for the foreseeable future,” Sir David told members of the Newspaper Society of Hong Kong at their annual dinner.

The UN committee expressed particular concern over the restrictions placed on the work of the media through clause 27 of the Public Order Ordinance, commonly known as the “Press Gag” law.

But Sir David reiterated that the government was committed to reviewing the ordinance.

“We have given an undertaking that the famous clause will be reviewed. We have stuck to our timetable and we will keep to the timetable that we will review the clause at the end of this year,” he said.

Earlier, the chairman of the Newspaper Society, Mr Shum Choi-sang, had made a plea for “urgent consideration” to be given to the repeal of the clause.

He said it was a piece of “ill-considered legislation” which was regarded by the newspaper industry as being “intolerable”.

The decision to table the report in the Legislative Council represents an apparent about-turn as councillors had previously been told it could not be presented in the chamber.

The document, outlining human rights measures and their implementation in Hong Kong, was submitted to a hearing of the UN committee 10 days ago.

On the same day, Mr Mathews, in reply to a question raised by Mr Andrew Wong Wang-fat, said that the UK report could not be properly tabled at the Legislative Council.

However, the SOUTH CHINA MORNING POST has learned that both the deputy chief secretary, Mr John Chan Cho-chek, and Mr Mathews have now agreed to present the full report following the Foreign Office clearance.

Subject to time constraints due to translation and printing, the report and its Chinese copy will be put to legislators in a week or two.

Both Mr Chan and Mr Mathews were unavailable for comment last night.

Although the report on Hong Kong was submitted by Britain, it was understood to have been drawn up by the deputy chief secretary.

And despite it not being made public in Hong Kong, councillors have raised a number of questions and levelled criticism against the government.

They accused officials of playing down the impact of the Public Order Ordinance and omitting from the report on the new Film Censorship Ordinance, which provides for political censorship.

Since then, members have been putting pressure on the government to have the report laid before them in one form or another.

Some even felt that it could be published in Hong Kong, with the approval of the Foreign Office, as a public document.

The report, submitted by British representatives in Geneva, came under severe attack at the UN committee hearing with members accusing the UK of breaching the International Covenant of Civil and Political Rights.

The Hong Kong Government yesterday issued a statement rebutting international comments on the report.

Referring to comments that the British Government prematurely considered matters relating to Hong Kong to be now predominantly the concern of China, a government spokesman said that such remarks were "incorrect and misleading".

The spokesman said Hong Kong would continue to be under British administration until July 1, 1997, and the British and Hong Kong Governments attached great importance to the protection of human rights in the territory.

In their closing remarks, the chairman and members of the UN committee had expressed their appreciation of the constructive dialogue with the UK delegation, the statement said.

They also said that the excellent preparation for the dialogue by the British delegation and the candid and precise answers given to the questions raised by the committee showed the resolve of the UK Government to cooperate fully with the committee, it added.

The statement noted three points highlighted by the UK representative in his opening address.

These were the publication in February of the Hong Kong Government's White Paper on the further development of representative Government in the territory, the publication in April of the first draft of the Basic Law, and the problem of Vietnamese boat people.

The government spokesman explained that measures had been taken to incorporate the provisions of the international covenant into the legal system of Hong Kong. After 1997 the continuation of this system, including the Common Law, was provided for by the Sino-British Joint Declaration.

"The responsibility of the British Government is to be satisfied that the provisions of the Basic Law, now being drafted, should be compatible with the Joint Declaration. But the People's Republic of China would be responsible for the text of the Basic Law."

The spokesman added that the UK had submitted its first report to the UN committee in 1977 and reports by its dependent territories in 1978, these reports had been considered by the committee in 1979.

In August 1984, the UK submitted its second report to the committee. although the Hong Kong contribution was provided in April 1985, returns from other dependent territories were delayed. As a result, Hong Kong had to submit an updated report in December 1987 followed by the UK submitted a report on all of its dependent territories in May.

Legislators Criticize UK on SRV Refugee Quota
HK1011133888 Hong Kong SOUTH CHINA MORNING POST in English 10 Nov 88 pp 1, 7

[By the political staff]

[Text] Britain came under strong pressure from Hong Kong Legislative Councillors yesterday not to shirk its responsibilities on Vietnamese refugees and raise what they described as its "meagre" resettlement quota.

Leading the attack on Whitehall's reluctance to substantially increase its refugee intake of 20 a month, Mr Stephen Cheong Kamchuen demanded that Britain accept at least 1,000 annually over the next five years, while Mrs Rita Fan Hsu Lai-tai asked that 700 be taken in.

The criticism came during the start of a two-day Legislative Council debate on the Governor's policy speech.

Mr Cheong said Britain appeared to be shirking her responsibility and commitment towards Hong Kong.

"It is high time that the UK did not just repeat these high sounding words but showed the world that she is compassionate enough to mean it," he said.

Britain was both morally obliged and duty-bound to alleviate Hong Kong's plight by accepting more Vietnamese refugees, Mr Cheong said. It had to set an example for other resettlement countries.

Mrs Fan urged that Britain take in 700 refugees annually for the next five years, noting that 3,500 refugees could be resettled in the UK by 1993.

"Britain would be taking the lead once again and reaffirming its commitment to Hong Kong," she said.

A member of the Omelco [Office of the Members of the Legislative Council] Security Panel on refugees, Mr Hui Yin-fat, warned: "If immediate action is not taken, Hong Kong will have no alternative but to explain to the whole world the United Kingdom's grossly unfair treatment towards Hong Kong over the Vietnamese refugee issue."

This would only jeopardise Britain's efforts to preserve its humanitarian image, he said.

Hong Kong had done more than its share in dealing with the boat people population which has reached 25,039.

Of this figure, 9,721 arrived after June 16 when the screening policy was introduced to separate genuine refugees from economic migrants who will be sent back to Vietnam.

Mrs Fan welcomed moves by the United Nations High Commissioner for Refugees to hold an international conference on the refugee problem next April.

"What is needed now is reasonable co-operation from resettlement countries on increased resettlement and from Vietnam on speedy repatriation," she added.

It was hard to accept Britain's reasons not to increase its intake from 20 refugees to 60 a month as recommended by the British Refugee Council.

"It is appreciated that an increased intake of Vietnamese refugees may not be a popular move in UK, but this must be balanced against the responsibility that UK has towards Hong Kong."

Mrs Fan pointed out that Hong Kong's population density was 22 times that of Britain and its social services and facilities could not keep up with the needs of its 5.7 million population.

Britain has taken fewer refugees from Hong Kong than the United States, Canada, or Australia, said Mr Cheong.

Between January 1985 and September this year, the United States accepted 5,497, Canada took 4,958, while Australia took 2,542.

But Britain only took 88 in 1984, 44 in 1985, 474 in 1986, 156 last year, and 166 till September this year, giving a total intake of only 928.

"What hope does Hong Kong have in trying to persuade other countries to help us more if our sovereign state continues to take such an uncaring, nonchalant attitude?" Mr Cheong asked.

Brain Drain Due to 'Lack of Strong Leadership'
HK1011134488 Hong Kong SOUTH CHINA MORNING POST in English 10 Nov 88 p 6

[By Ann Quon, Andy Ho, Terry Lee, Agnes Lam, and John Tang]

[Text] The governor was accused by outspoken legislator, Mr Martin Lee Chu-ming, of lacking vision and failing to provide any perspective in his annual policy speech.

In a hard-hitting speech which attributed the brain drain problem to a lack of strong leadership, Mr Lee accused the government of backing down on "earlier promises of building up a firmly-based, democratic administration in Hong Kong between now and 1997."

He also blamed what he described as "total impotence" by the "sun-set colonial administration" in standing up to intervention from Beijing.

"I regret to say that the public perception is that our government is a lame-duck administration, and that China does interfere in the administration of Hong Kong.

"And every time China intervenes, it hurts confidence and sends even more people to join the already long queues outside consular offices for immigrants' visas," said Mr Lee.

The Hong Kong Government had done nothing to solve the emigration problem where an estimated 45,000 are expected to leave this year. Mr Lee appealed to the administration to plan for the stayers and not the goers.

He also accused the government of failing to groom leaders for the future.

"Is it because the sun-set colonial administration cannot trust the younger generation? Or could it be that there are no able people left because of the brain drain?"

In the absence of leadership from the top, the people of Hong Kong have been languishing in fear and uncertainty over the future as well as self-pity and utter frustration.

"We must stop all that rot. But it would be unrealistic to expect the cure to come from the British administration in Hong Kong.

"For, surely we must realise by now that the one wish of the British administration is to retreat from Hong Kong when the final curtain falls."

Nor was it realistic to pin all future hopes on China, for the mainlanders were not familiar with Hong Kong, Mr Lee said.

He accused unnamed mainland officials of regarding Hong Kong as the perfect place for recreation after many years of loyal service to the Chinese Government.

He said the slogan "Dancing and horse racing will continue" was indicative of their perception of Hong Kong, and their rationale for wishing Hong Kong to exist under a different system.

The future of Hong Kong, Mr Lee said, lay in the hands of its people.

"We must realise that if we want the present life style to continue after 1997, then we must bring about drastic changes now.

"I am not talking about an evolution, but a revolution," he said.

"For what we need is a revolution in our minds—of basic values and of fundamental philosophy on life."

Calling for greater democracy, Mr Lee said the government should repeal various unnecessary laws which infringe human rights and freedom.

"But in the meantime we must all learn to hope and not despair, smile not sigh, but most of all, stay and not go.

"We must realise that by abandoning the ship, we may all suffer and that the most worthwhile thing for us to do is to unite together and help to prevent the ship from sinking."

On the lack of leadership, Mr Lee said most of today's leaders acted out of self-interest, taking from the community whenever they can.

"It would be the duty of the governor to provide opportunities for a totally different crop of leaders for the future—people with principle, dedication, courage, conviction, commitment, and above all, people who are willing to give to the community and not take from it."

Also criticising the administration, Councillor Stephen Cheong Kam-chuen said the executive had lagged behind the development of the legislature.

Referring indirectly to his unhappy encounter with Government officials during the heated public debate on the Expo'97 proposal, Mr Cheong claimed that "defensiveness and impatience on the part of the officials still prevailed."

"Information is provided, but this has not been forthcoming enough. Explanations were given, but they had not been full enough. Consultations were done, but these were not thorough enough," he said referring to his experience while heading the Legislative Council ad hoc group on the expo.

Cautioning against "bureaucratic inertia", Mr Cheong said that the negative attitude of some administrators was affecting their judgement.

Uncertainty over the future was plaguing top administrators, local or expatriate, just as it affected the general public he added.

Spokesman Denies 'Doomsday Plan' for 1997
HK1511054988 Hong Kong SOUTH CHINA MORNING POST in English 15 Nov 88 p 2

[By David Wallen in London and Simon Macklin]

[Text] Hong Kong's police force is adequately prepared to deal with widespread disturbances in the buildup to 1997, while the causes of trouble will be dealt with at a political level, a government spokesman said yesterday.

And in Britain, a Ministry of Defence spokesman denied the UK authorities had plans to airlift troops to Hong Kong to reinforce the police in the run-up to the change-over.

The Ministry of Defence spokesman described as rubbish a report in a British newspaper which said the UK Administration was concerned about the possibility of civil disorder in Hong Kong as 1997 approached.

And a spokesman for Hong Kong's Security Branch said the government had every confidence in the ability of the police to deal with any disturbances.

"The Hong Kong police force amply demonstrated its ability to handle widespread confrontation in 1967. Since then it has continued to develop in line with changes to Hong Kong itself," he said.

"The government is committed to maintaining the professionalism, capability and role of the police force both before and after 1997.

"All our policies are directed towards ensuring that the conditions under which disturbances may occur do not arise. We are committed to the maintenance of a prosperous and stable society both before and after 1997."

This weekend the SUNDAY TELEGRAPH in the UK reported that the British Government had drawn up a "doomsday plan" for special emergency measures in anticipation of a breakdown of law and order in the buildup to the British withdrawal from Hong Kong.

The report claimed British officials were nervous the Chinese Government might dispatch its own troops to Hong Kong in order to maintain security if there were widespread riots before 1997.

But local commentators have dismissed the possibility of the mainland authorities taking any such action as it could seriously threaten the handover of sovereignty.

The report by the paper's defence correspondent said the British were afraid the police might not be able to maintain order and would require military support to quell disorder.

But a senior Ministry of Defence official described the report as speculative scare-mongering.

The official said that while the three Gurkha battalions currently stationed in the territory did have a potential internal as well as external role, much of that role would be taken over by the local police force well before the handover.

But he admitted the Hong Kong Government had contingency plans for a number of different scenarios involving the breakdown of law and order.

The plans had existed for quite a while, the official said.

"There are plans for all sorts of scenarios, there usually are," he said. "Whatever the cause of strife you would act to stop it breaking out in the first place. It is quite wrong to suggest that we believe there is going to be strife in the first place."

Mainland To Listen to UK Views on Basic Law
HK1511023388 Hong Kong HONGKONG STANDARD
in English 15 Nov 88 p 1

[By Yau Shing-mu]

[Text] Beijing is prepared to listen to London's views on the formation of the first Special Administrative Region [SAR] government, well-placed Chinese sources told THE HONGKONG STANDARD yesterday.

They made it clear that Beijing considered the drafting of the Basic Law the sole prerogative of China, but stressed that London could pass on its views through appropriate channels, including diplomatic ones.

This marks a sharp turn around from the beginning of the five-month consultation period on the Basic Law.

China made it absolutely clear then that the Basic Law and the formation of the SAR government were strictly Chinese concerns.

It has also been learnt that Britain was provided with an advance copy of the first draft of the Basic Law before it was released in April.

Since then, written comments on the draft have been received from London.

The Chinese source said China was willing to listen to British advice on the Basic Law, even though Beijing would make the decisions.

The sources also said that China wanted British help to nurture candidates for the post of chief executive of the post-1997 government.

The Chinese had adopted a pragmatic attitude towards cooperating with the British Government in order to achieve a smooth changeover for Hong Kong, they said.

China acknowledged that the selection of the chief executive was crucial to a smooth changeover and that British cooperation was needed to provide the logistic support and legal framework in advance of 1997.

"Also, a considerable period of time is needed to groom prospective candidates and ensure they are known to the people. without this process, Hong Kong people will find it difficult to choose their leader.

"All this has to take place well before the changeover. That must require cooperation from the British Government which is still responsible for administration of the territory in the transition," the sources said.

The sources said the governor's visit to Beijing earlier this month was part of a diplomatic exercise in cooperation.

"The Chinese side listened to the governor who presented the thinking of the British side. The frank exchanges have enhanced better understanding, a prerequisite for a closer cooperation," the sources said.

Although there has been no agreement on concrete matters relating to the changeover, a common understanding was reached on two points: the importance of a smooth transition and the realisation of Chinese sovereignty over Hong Kong.

It was reported earlier that the British side had proposed elections under the supervision of the Chinese Government in 1995 to ensure a block transfer of lawmakers to the first SAR legislature.

Beijing, on the other hand, insisted on China's sovereign right in the form of a preparatory committee to organise the first SAR government.

Both sides are eye-to-eye on objective. The differences are how to achieve the objectives," THE HONGKONG STANDARD was told.

Li Peng Affirms Positive Role of Enterprises
HK1411032588 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1340 GMT 13 Nov 88

[Report: "Li Peng Says Most Chinese Enterprises in Hong Kong Are Playing a Positive Role in Hong Kong's Prosperity and Stability"]

[Text] Bangkok, 13 Nov (ZHONGGUO TONGXUN SHE)—Chinese Premier Li Peng, who is visiting Thailand, said today that Chinese enterprises in Hong Kong are playing a positive role in Hong Kong's prosperity and stability and for China's four modernizations. Of course, a small number of these enterprises have not been managed properly or have used irregular practices in doing business. Adjustments will be carried out only amongst this small number of enterprises according to normal procedures, and the method of mass movements will not be used.

Li Peng made the above remarks when answering ZHONGGUO TONGXUN SHE's question at a news conference held in the Shangri-la Hotel where he is staying.

When some reporters mentioned that many Overseas Chinese passport holders met with trouble when entering some countries, Foreign Minister Qian Qishen, who accompanied Li Peng on his visit to Thailand, answered: The issue of passports is related to the sovereignty of a country. China has now established diplomatic relations with 136 countries. So long as the requirements of these countries are satisfied, there will be no problem in obtaining entry visas. But some problems may be encountered in a small number of countries, though he believes that these problems will be solved in the future.

Mainland's Ji Pengfei Meets Writers, Artists
OW1211145488 Beijing XINHUA in English
1319 GMT 10 Nov 88

[Text] Beijing, November 10 (XINHUA)—Ji Pengfei, director of the Hong Kong and Macao Affairs Office of the State Council, met here today with some writers and artists from Hong Kong and Macao who had been invited here to attend the Fifth Conference of the China Federation of Literary and Art Circles.

During the meeting, writers and artists from Hong Kong and Macao briefed Ji Pengfei on the development of literary and art in their region.

Ji Pengfei said that the policy for literary and art in the China's inner part is based on its characteristics, adding that Hong Kong and Macao may have their own policies according to their conditions.

He pointed out that the policy of literary and art in Hong Kong should be foreign oriented, hoping that Hong Kong and Macao and the inlands will strengthen their cultural exchanges.

LIAOWANG Views Governor's Mainland Visit
HK1511052188 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 46, 14 Nov 88 p 3

[Article by Chai Shikuan (2693 0013 1401): "For the Sake of Transferring Sovereignty Over Hong Kong and a Stable Transition—on Hong Kong Governor David Wilson's Trip to Beijing"]

[Text] The date China regains sovereignty over Hong Kong from Britain is 1 July 1997. To ensure a smooth realization of this historical feat, Chinese and British officials have had frequent contact to exchange views on the relevant questions. Hong Kong Governor Wilson's trip to Beijing in early November was one of the latest bilateral contacts between the Chinese and British sides. Shortly before his visit to Beijing at the invitation of Chinese Vice Foreign Minister Zhou Nan, people in various circles in Hong Kong discussed one of the major issues of the transfer of sovereignty—the way to establish the first government of the future Hong Kong Special Administrative Region. They put forward different proposals and the British authorities in Hong Kong also aired some views. The visit was therefore particularly noticeable.

Key Topic for Discussion: The Transfer of Sovereignty and Establishment of the First Government of the Hong Kong Special Administrative Region

On 4 November, Prime Minister of the State Council Li Peng met with Wilson in Zhongnanhai's Ziguang Hall. This was the climax of the visit and also Wilson's first meeting with a high-ranking Chinese official since assuming the post of Hong Kong governor over 1 year ago.

In a long conversation lasting about 70 minutes, Li Peng affirmed the good cooperation between the two sides over the Hong Kong issue during the 4 years since the Sino-British Joint Declaration was signed. He said: The two sides still have a lot of work to do on the Hong Kong issue. He hoped that this kind of cooperation would be continuously strengthened. He also hoped and believed that during his term of office Wilson would make new contributions to maintaining the prosperity and stability of Hong Kong, and to promoting the development of Sino-British friendly and cooperative relations. Li Peng also told Wilson: Hong Kong and the interior and coastal areas in China have their own respective economic strong points. They should strengthen their cooperation and mutually learn from each others' strong points to offset their weaknesses and to jointly promote their development.

Although Wilson stayed in Beijing for only 3 days, he spent about 20 hours holding talks with Chinese officials, including several substantial discussions. The key topics during the talks were the transitional arrangements from the present up to 1997, the transfer of sovereignty, and the way to establish the first government of the Hong Kong Special Administrative Region.

The year 1997 is over 8 years away and it seems too early to discuss these matters. However, formulating a full set of transitional plans embodying the transfer of sovereignty, ensuring Hong Kong's economic prosperity and social stability, serving as a link between the past and the future based on cooperation, and making various arrangements properly will involve many problems. This is a complicated "systematic project." Therefore, the Chinese and British sides have shown forethought by exchanging views on these problems at an early stage. It is absolutely necessary for them so to do.

In the talks, Wilson and the Chinese officials discussed some specific issues and proposals but what was more important was that they deepened their mutual understanding of each other's stand on major questions of principle.

Two Kinds of Common Understanding: Embodiment of the Transfer of Sovereignty and Stable Transition

The Chinese side reiterated: The Chinese Government hopes that from now until 1997, and after the transfer of sovereignty, Hong Kong will maintain its status as an international trade and financial center. This will be beneficial not only to Hong Kong itself but also to the economic development of China's interior. This will also conform with Britain's interests. Various relevant arrangements for the transfer of sovereignty should be beneficial to the two major principles of embodiment of the transfer of sovereignty and stable transition. The Chinese side has also definitely pointed out that the chief executive of the first government of the Hong Kong Special Administrative Region should be selected (chan sheng 3934 3932) under the auspices of the central government.

The two sides have reached a common understanding on the above-mentioned issues of principle.

Wilson stressed: Through the talks, the British side has further deepened its understanding of the Chinese Government's stand on the handover and assumption of sovereignty and the selection of the first chief executive. The British Government fully understands that the future transfer of Hong Kong sovereignty in the future will be different from the decolonization process of British colonies in Africa and other regions. These colonies advances toward independence whereas China regains its sovereignty over Hong Kong under the guiding principle of "one country, two systems."

The Chinese officials also briefed Wilson on progress in drafting Hong Kong's Basic Law. Since publication of the draft Basic Law to solicit opinions, people in various circles in the interior and in Hong Kong have put forward many opinions. The drafting committee is sorting out and studying opinions put forward by the various quarters. It is learned that various special groups under the drafting committee will hold their respective meetings in mid-November to discuss opinions put forward by various quarters and to revise the relevant clauses and articles. Regarding issues on which various quarters still hold divergent views in particular, efforts must be made to arrive at the principal views. Early next year, the drafting committee will hold a plenary meeting to prepare for the submission of the draft Basic Law to the NPC Standing Committee.

Wilson stated that he and his colleagues were greatly encouraged by the efforts made by the Chinese side to openly solicit opinions from the Hong Kong public about the Basic Law, and by a series of arrangements for further revising the draft.

Attaching Importance to the New Development of Hong Kong: "Brain Drain" and Economic and Trade Cooperation Between Hong Kong and the Interior

Wilson also gave the Chinese side an account of the latest developments in Hong Kong's situation, including the outflow of enterprise management and technical personnel. He maintained: The brain drain is a problem but it cannot be regarded as a crisis. The most important thing is that people must have confidence in "one country, two systems." He, as the governor of Hong Kong, and the British Government intend (yi xiang 1942 0686) to make efforts to maintain the prosperity and stability of Hong Kong.

The Chinese officials showed concern for the brain drain problem in Hong Kong, because the territory needs talented personnel for its development now and in the future.

In Beijing, Wilson also held talks with Shen Jueren, vice minister in the Ministry of Foreign Economic Relations and Trade about economic and trade relations between Hong Kong and China's interior. They discussed initial plans for investments in Hong Kong made by the interior and vice versa, and the current world trade situation.

Wilson pointed out: Last year's trade volume between Hong Kong and the interior reached \$16.6 billion, and during the first 9 months of this year the trade volume was close to \$10 billion. The interior has become Hong Kong's biggest trade partner and place for investments. He was inspired by the momentum of the rapid development in economic relations between Hong Kong and the interior.

Shen Jueren briefed Wilson on various measures taken by the Chinese Government aimed at improving the economic environment, rectifying the economic order, and curbing inflation. He stressed: Investments made by Hong Kong people will not be restricted. In the meantime the interior will also develop its investment in Hong Kong. If the interior has the ability in the future, it will also increase its investment in Hong Kong. There will be no restriction in this regard.

Hong Kong Governor's Trip to Beijing: Both Sides Give Positive Appraisal

Both sides have given positive appraisals of Wilson's trip. The Hong Kong governor himself believed that his visit was "very helpful." Li Hou, deputy director of the Hong Kong and Macao Affairs Office under the State Council, said: As in previous exchanges of views, both sides have "made progress" in their talks. Zhou Nan pointed out that the talks "were very fruitful." He stressed: Such consultation between the two sides on the Hong Kong issue demonstrates close cooperation between the Chinese and British sides. Such effective cooperation will be continued in the future.

Wilson responded resolutely and speedily to a proposal made by Premier Li Peng. Early in the morning of 5 November he flew to Fujian to discuss with provincial Governor Wang Zhaoguo matters of vital importance on expanding economic cooperation between Fujian and Hong Kong.

Speech Given in Fujian

HK111104488 Beijing ZHONGGUO XINWEN SHE
in Chinese 1209 GMT 7 Nov 88

[Report by Xu Dejin (1776 1795 6855): "David Wilson Makes a Speech at the Xiamen International Airport"—ZHONGGUO XINWEN SHE headline]

[Text] Xiamen, 7 Nov (ZHONGGUO XINWEN SHE)—Hong Kong Governor David Wilson concluded his 6-day visit to China and left Xiamen for Hong Kong at about 1000 today. Before boarding his plane, David Wilson made a speech to a group of mainland and Hong Kong reporters.

Hong Kong constitutes an important factor for Fujian's economic development, David Wilson said, adding that Hong Kong is Fujian's biggest trade partner and is also a region that has made the largest investment in the province.

David Wilson pointed out that Hong Kong should understand its own facilities so as to keep abreast of the mainland instead of just acting in unison with Fujian, Guangdong, and Shanghai. The Hong Kong governor also expressed the hope that Hong Kong would maintain

close links with the mainland and understand its development program. In this way, Hong Kong's development program will be able to meet the needs of development on the mainland.

Subsequently, the Hong Kong governor answered questions put by some of the reporters.

Reporter: Is it necessary for Hong Kong to speed up the construction of its basic facilities so as to maintain its ties with the development on the mainland?

Governor: The basic facilities we are increasing include transportation facilities in container ports. Reexport trade has increased 250 percent over the last 5 years. This is why Hong Kong has become the world's busiest container port. It has outstripped Rotterdam. The Chinese mainland continues to develop its foreign trade. In this case, Hong Kong should develop the construction of its basic facilities so as to meet the needs of this development.

Reporter: Do you hope for further progress in economic and government relations between Hong Kong and the mainland?

Governor: I think China's policy of opening up to the world has enabled the country to speedily develop its economic relations with Hong Kong. I believe relations will become closer following economic development between the two sides. Of course, it is another type of relation with Beijing. [sentence as published]

Reporter: Will Hong Kong become a port of Taiwan investments?

Governor: People told me many Taiwan people come to the mainland for investment, trade, family visits, and travel via Hong Kong. This gives many advantages to Hong Kong. Of course, it is also helpful to the Chinese mainland.

Reporter: Do you plan to visit China again?

Governor: Not yet for the time being. I have just concluded my visits to the EEC and China.

Reporter: Did you invite Premier Li Peng?

Governor: I welcome visits to Hong Kong by all Chinese leaders. Vice Premier Tian Jiyun's stopover in Hong Kong on his return to China from his visits abroad early this year was quite beneficial. I hope I have an opportunity to brief him (Li Peng) on Hong Kong's present development. That is why I say Chinese leaders' visits to Hong Kong on their way to or back from foreign countries are always welcome.

Reporter: Is it true Zhou Nan will visit Hong Kong next year?

Governor: In the first quarter or first half of next year.

Reporter: Will there be more and more top Chinese leaders visiting Hong Kong to discuss the handover in 1997?

Governor: If they want to visit, that is largely about matters concerning the economy; the issue of handover will be discussed through the formal diplomatic channel. But I believe exchanges in the economic field will increase.

Commentary Views Basic Law Issues, Symposium HK1511011988 Beijing ZHONGGUO XINWEN SHE in Chinese 1448 GMT 13 Nov 88

[Commentary by Wan Feng (2519 2800): "Important Issues Awaiting Clarification at Meeting of Hong Kong Basic Law Group"—ZHONGGUO XINWEN SHE headline]

[Text] More than 50 members of the Hong Kong Special Administrative Region (SAR) Basic Law Drafting Committee will respectively leave Beijing and Hong Kong and gather in Guangzhou from 16 to 28 November to hold a final, special symposium on the draft Basic Law prior to its promulgation. Hence, the White Swan Hotel where they will stay and hold meetings will become the focus of the media at home and abroad.

The symposium will be composed of discussions on topics of five special subgroups including the relations between the central authorities and the Hong Kong SAR; political structure; education, science, culture, sports, religion, labor, and social services; fundamental rights and duties of residents; and economy and the fourth consultative committee of the regional flag and emblem for the Hong Kong SAR. The matter has attracted public attention because since the publication of the draft Hong Kong Basic Law (for solicitation of opinions) in April, the members of the drafting committee have extensively solicited opinions and suggestions from all walks of life and social groups over the past 5 months with the assistance of the relevant central departments, provinces and municipalities, and the Hong Kong SAR Basic Law Consultative Committee. All the opinions and suggestions will be collected and deliberated by the five special subject subgroups and then become a resolution or principal idea submitted to the enlarged meeting of chairmen held next month for examination.

Viewed from the indications of various fields in Hong Kong and the mainland over the past 6 months or so, the meeting of five special subject subgroups will include the following important issues awaiting clarification:

On the topics for discussion of the relations between central authorities and the SAR special subject subgroup, how should the power of interpretation of the Basic Law, the power of examining violation of the

constitution, some national laws applicable to Hong Kong, and jurisdiction of Hong Kong courts which were once under heated discussion be amended?

On the topics of the political structure special subject subgroup, following the contention between all walks of life and social groups in Hong Kong, how should the provisions on relations between the administrative and legislative organs, the range of chief posts to be assumed by permanent Chinese residents, and method of the formation of the first government and legislative council become a resolution or principal idea?

On the topics of the fundamental rights and duties of residents special subject subgroup, should the stipulations concerning the two international conventions on human rights which are applicable to Hong Kong, the laws ensuring freedom and rights of residents, and the stipulations of the international labor convention applicable to Hong Kong be included in the Basic Law? There is also a question of amendment and complement in this regard.

On the topics of the education, science, culture, sports, religion, and labor special subject subgroup, which of the provisions in chapter 5 and 6 are related to policies? Should they be dealt with in another way? Should they be regarded as an annex or should they remain unchanged? A final decision should also be made in the similarities and differences of the legal effect, judicial examination, interpretation, and amendment of these provisions and other articles of the Basic Law.

All these are related to Hong Kong's future and people's livelihood. No wonder the people of all walks of life in Hong Kong and the mainland carried out extensive discussions on the issue over the past 6 months or so. More than 90 percent of the people took part in the discussions with good intentions. The degree of extensiveness and enthusiasm has been rare in the drafting of laws since the founding of the PRC.

Now all the opinions and suggestions concerning the draft Basic Law (for solicitation of opinions) will be brought into line with the three major principles: Discard the dross and select the essential, make up each other's deficiencies, and eliminate differences and seek common ground. The three major principles for the perfection of the drafting of the Basic Law are: Defend state and territorial integrity, maintain Hong Kong's prosperity and stability, and take Hong Kong's history and reality into consideration.

We hope that the achievements of the five special subject subgroups will pave the road for the promulgation of the Hong Kong Basic Law. This is the expectations of the Hong Kong people as well as those in the mainland.

Basic Law 'Roundtable' Ends With Consensus
HK1311024688 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Nov 88 pp 1, 2

[By Chris Yeung and Agnes Lam]

[Text] A crucial round of talks on the post-1997 political system ended yesterday with stronger support for choosing the first chief executive through indirect elections and consensus on five broad principles.

Billed as a "round-table" meeting of key political groups, Basic Law drafters and some independent Consultative Committee members, the two-hour meeting provided a clear reference to drafters in deciding the final proposal, its convenor, Mr Louis Cha, said last night.

Members of the political sub-group co-convened by Mr Cha will meet in Guangzhou later this week to revise the first draft after the first round of consultation.

He said the drafters would decide the final political model after considering all proposals made locally.

Mr Cha said the five principles agreed to by all the 69 representatives yesterday strongly indicated that local people wanted a democratic political system after 1997.

The five are:

The present form of further dialogue and discussion is good and that there should not be any confrontational attitude.

The chief executive of the future Special Administrative Region (SAR) should be returned by elections and appointed by the central government.

The chief executive should be returned by democratic election.

The nomination procedure of the election for the chief executive should be democratic.

The legislature of the future SAR should be constituted by mixed elections at the initial stage.

Mr Cha said: "Although the principles seemed too broad and there has not been substantial progress for a compromise, the meeting itself, which was attended by the largest number of groups so far, has been a great achievement."

Apart from Mr Cha, four other drafters including Miss Liu Yiu-chu, Dr Raymond Wu, Mr Wong Po-yan and Mr Tam Yiu-chung also attended.

Organised by a group of BLCC [Basic Law Consultative Committee] members who preferred neutrality during the meeting such as Mr Peter Chan Chi-kwan, Mr Cheng Kai-nam and Mr Chang Ka-mun, the "round-table" meeting was attended by 10 political groups.

These were the Group of 190, Group of 88, Group of 38, Progressive Hong Kong Society, the left-wing Federation of Trade Unions, the independent Federation of Hong Kong and Kowloon Labour Unions, Hong Kong People's Association, Hong Kong Chinese Civil Servants' Association, the Outstanding Young Persons' Association and University Graduates' Association.

Mr Cha said members did not vote on how the future chief executive would be elected or on the exact share of electoral methods in forming the legislature.

Mr Cheng said: "The achievements of the meeting are more than the five principles. The drafters should get a clear idea of the general inclination of the groups attending."

Most of the representatives are believed to have supported the idea that the first and second terms of the future chief executive be decided by indirect elections, most probably through a widely-represented electoral college.

But their differences centred on the proportion of directly elected representatives from bodies such as district boards.

While believing that the chief executive for the SAR government's third term be elected by a "one man, one vote" system, the group differed over when to bring in universal suffrage.

Strong support is believed to have been given to the more flexible approach of leaving such timing to the future SAR.

But some of the groups advocated that the Basic Law should make a clear commitment by stating that universal suffrage start from the government's third term.

Others suggested that some sort of mechanism such as a referendum or a "trigger point" system be adopted to determine the exact time.

The "trigger point" system championed by the Group of 88 is that universal suffrage be introduced only after a considerable portion of eligible voters, say more than half, have actually cast their votes in elections.

The liberal Group of 190 has insisted that the first chief executive be elected by universal suffrage and that any indirect electoral methods are unacceptable.

While the liberals were apparently left out in the cold at the afternoon talks, they were assured by Mr Cha at a meeting last night that the views expressed by the 69 attendants might not truly represent the aspirations of the whole community.

A liberal leader, Mr Szeto Wah, quoted Mr Cha as saying after the one-hour evening meeting that it would be unfair to draw any conclusion simply by counting the different kinds of views given by the 10 groups in the afternoon.

Mr Cha praised the effort of the liberals in their incessant campaign for a democratic system.

For instance, he said, it was hard to imagine in the past that the majority of Hong Kong people would have wanted the legislature elected by universal suffrage, and that part of the credit for that change of view should go to the liberals.

Mr Cha is also believed to have said that he did not agree with the suggestion that local groups must reach a compromise before the Guangzhou meeting.

Meanwhile, nine professional groups have made a final effort to lobby drafters to amend the first draft at a meeting later this week to ensure the present powers of the judiciary will remain intact after 1997.

They urged some drafters yesterday morning that major amendments should be made to provisions regarding the interpretation of the Basic Law and the jurisdiction of future courts.

The two international covenants on human rights should also be included in the future constitution, they claimed.

The nine groups represented barristers, lawyers, doctors, architects, town planners, surveyors, engineers, dentists and accountants.

Shanghai Seeks Long-term Joint Cooperation
OW1411070388 Beijing XINHUA in English
1041 GMT 11 Nov 88

[Text] Shanghai, November 11 (XINHUA)—Business cooperation between Shanghai and Hong Kong will only bring favorable results to this industrial city, Yuau-wa Chan, founder of the Hong Kong Association for the Advancement of Science and Technology, said here Thursday, in reference to earlier cautious attitudes to such cooperation by local business circles.

A guest professor of the Chinese University of Hong Kong, Chan made this remark at the closing ceremony of the Fourth Conference of the Shanghai Association for Science and Technology. He was one of a group of Hong Kong scientific researchers invited to the conference.

At a seminar on cooperation between the two cities, Chan said that Shanghai has a good foundation in science and technology, while Hong Kong has up-to-date information and experience in foreign trade and management of enterprises.

"It is necessary to establish a long-standing cooperative relationship between the two sides in order to complement each other," he said.

Preliminary agreements were reached during the 2-day conference in respect of technical consultancy, training of technical personnel, and information services.

"This is just the beginning," Chan said. "The long-standing cooperation will bring changes to both Shanghai and Hong Kong, a change for the better," he added.

Mainland Still 'Unhappy' Over Foreign Law Firms
HK1411050588 Hong Kong Commercial Radio
in English 0430 GMT 14 Nov 88

[Text] The question whether Hong Kong will have foreign law firms doing business here won't be resolved for many more months. Commercial Radio has learned that a draft bill for discussion by Legco [Legislative Council] has been delayed almost indefinitely because of China. With this exclusive story, here's Fanny Fung:

[Begin Fung recording] The Hong Kong Government went public in August this year that it would like to see foreign law firms set up here, using local lawyers or their own, provided they pass local exams, the argument being that the territory is becoming a major world commercial and financial center, and needs more legal services.

China was quick to react. Soon after that announcement, Ambassador Ke Zaishuo of the Joint Liaison Group told newsmen it violates the Sino-British agreement on Hong Kong. Local lawyers also came out strongly against the idea, and the Bar Association condemned it. But the administration went ahead to seek public opinion, and the period for consultation should by all accounts be ending.

However, a debate in Legco is nowhere in sight. Why? Because China continues to be unhappy, and has continued to bring the matter up at behind-the-scene meetings. This was leaked to Commercial Radio by unimpeachable sources. But a spokesman for the Legal Department, when asked by this station whether the debate had been postponed, replied that the draft bill will be available for discussion within the current Legco session. This means any time between now and August next year. [end recording]

Local Company Plans More Mainland Investment
OW1211065188 Beijing XINHUA in English
1102 GMT 9 Nov 88

[Text] Hong Kong, November 9 (XINHUA)—Chia Tai International Investment Co. Ltd., a Hong Kong-based company, has seen two of its joint ventures on the mainland recently listed at the Hong Kong market well received.

"The response was unexpectedly active," Ting-ko Chen, vice president of the company told XINHUA.

The two joint ventures were the Shanghai Da Jiang and Shanghai Ek Chor, producing chicken meat and motorcycles respectively.

"This showed people have confidence in the investment in the Chinese mainland," Chen said.

The Shanghai Da Jiang, founded in 1985, comprises two feedmills, 1 separate farms and a meat processing plant which processes chickens into frozen chicken pieces. Its current output is 10 million chickens per year.

The Shanghai Ek Chor is now the largest joint venture in Shanghai which has over 3,000 employees and operates with technical support provided by the Honda Motor Co. of Japan.

In 1987, the plant's motorcycle output accounted for 7.5 percent of China's total. And it is expected to more than triple its output with the installation of a sophisticated assembly line this year.

Chia Tai started its China investment with a feedmill in Shenzhen in 1979 together with the Continental Grain of the United States, which was the first Sino-foreign joint venture in the special economic zone.

Since then the company has established with its Chinese partners other 13 joint ventures across the mainland.

Ting-ko Chen said now the company was planning for more ambitious investment in China which would expand its business scope to cover land property, beer brewing, petrochemical industry, retailing and breeding of prawns and other aquatic products at different locations, including the newly established Hainan Province.

Chia Tai International Investment Company was originally part of the C. P. Pokphand Group, a large, diversified, international group of companies based in Thailand. In the late 1970s, it became an independent company mainly dealing with businesses in China.

Firm To Invest in Guangdong Power Station
HK1211021588 Hong Kong SOUTH CHINA MORNING POST in English 12 Nov 88 p 2

[By Lulu Yu]

[Text] China Light and Power Company (CLP) is set to invest \$2.1 billion in the development of a power station in Guangdong which will start supplying electricity to Hong Kong in 1992.

The station, to be built at Conghua about 90 kilometres northeast of Guangzhou, will be CLP's second multi-billion joint venture project with the Chinese Government.

The Hong Kong company is investing \$780 million in a \$28.8 billion joint venture development of a nuclear station in Daya Bay.

Mr Steven Poon Kwok-lim, the director and general manager of the company, said last night the diversification of power supply for Hong Kong would raise efficiency, lower costs and benefit consumers.

The planned Guangdong plant, which will be a pumped storage power station, will provide Hong Kong with power from an additional 600 megawatts plant by early 1993.

Mr Poon said with an annual increase of seven percent in electricity demand locally, Hong Kong would face a shortage of power supply unless new plants were commissioned.

The proposed plant in Guangdong, which will be generated by hydroelectric power, will be jointly built and managed by CLP and Chinese authorities.

The decision by the Chinese to go ahead with the project came after more than a year of negotiations which at one stage ground to a halt when Guangdong opted to develop the power plant on their own.

The joint venture idea is believed to have been given a push by CLP chairman Lord Kadoorie, who met Premier Li Peng in Beijing last month.

Speaking after a dinner meeting of the Kwun Tong Rotary Club, Mr Poon said discussions with the Guangdong authorities had reached a final stage and that the CLP was awaiting approval from the Hong Kong Government.

He said that the diversification of Hong Kong's source of power supply was likely to keep prices low and stable because the territory would be less vulnerable to fluctuations in the prices of coal and oil.

The CLP, which is one of Hong Kong's two utility companies serving a population of about 4.7 million in Kowloon and the New Territories, has oil and coal-fired stations in the territory with a combined capacity of more than 5,000 megawatts.

When the 1,800 megawatt nuclear station in Daya Bay is completed in the 1990s, Hong Kong will buy 70 per cent of the plant's electricity.

The CLP, which is planning to build another coal-fired power station in the territory, is considering a site on the east of Sai Kung and another one on the western tip of the New Territories, said Mr Poon.

The pumped storage scheme in the proposed site near Guangzhou would consist of an upper reservoir and a lower reservoir with a power house in between.

By using spare energy at night, when electricity demand slumps by two-thirds from day-time peak levels, water could be pumped to an upper reservoir for release during the day.

The storage site has a potential capacity of 2,400 megawatt although the initial plan is to install only four 300-megawatt generator units.

Exports to Mainland Increase by 29 Percent
HK1211024588 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 12 Nov 88 p 3

[By Cynthia Suen]

[Text] Led by increases in exports to China, Hong Kong's total exports during the first three quarters of this year was \$349.3 billion, up 29 percent over the same period last year.

According to figures released by the Census and Statistics Department yesterday, Hong Kong's domestic exports to China amounted to \$26.9 billion during the nine-month period, up 36 per cent from January-September 1987.

Re-exports to China achieved an even more impressive growth of 56 percent to \$65.1 billion during the first three quarters.

Domestic exports to the U.S.—Hong Kong's largest domestic exports market—amounted to \$51.9 billion during the January-September period, down three percent from the same period last year.

This showed a slowdown in the U.S. as well as decrease in dependence by local exporters on the U.S. market.

Aside from China, markets with more significant growth in domestic exports included West Germany, up 11 percent to \$11.9 billion.

Domestic exports to the UK grew 22 percent to \$11 billion and those to Japan by 16 percent to \$7.9 billion.

The U.S. continued to be a growing market for re-exports, which totalled \$34.5 billion during the first nine months and represented a growth of 44 percent over the same period last year.

But the most impressive growth in percentage terms was recorded with Japan. The total value of re-exports from the territory to Japan rose by 91 percent to \$12.1 billion during the period.

In terms of commodities, domestic exports of photographic equipment, watches and clocks registered the greatest growth during the period under review.

At a total value of \$13.5 billion, domestic exports of products under this category jumped by 24 percent over the corresponding period in 1987.

Domestic exports of electrical machinery and parts, telecommunications and sound equipment also recorded significant growth, by 22 percent and 16 percent, respectively.

Domestic exports of clothing, Hong Kong's largest exports item, however, only managed to achieve a 05. percent growth to \$47.6 billion.

Hong Kong's total imports during the January-September period increased by 31 percent to \$354.6 billion.

Imports in the first nine months of 1988 from all major suppliers increased in value terms when compared with the same period in 1987.

The most notable increases were seen in imports from Korea (up 55 percent), the United States (32 percent), Taiwan (31 percent) and China (30 percent).

Industrial Growth Slows in 2d Quarter
HK1411010388 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 14 Nov 88 p 1

[Text] The growth rate of the territory's industrial production slowed down markedly in the second quarter of the year, figures released by the Census and Statistics Department show.

The industrial production index for the quarter was 121, a rise of four points, or 3.4 percent, over the second quarter of last year.

Production in the garment and textiles sectors had recorded negative growth in the second quarter compared to the same period last year, reflecting some setback in Hong Kong's largest industry.

The industrial production index of garments in the second quarter was 106, down 7.8 percent from a year ago. The textiles index, at 107, was down seven percent.

The industry showing the largest production increase in the second quarter of this year over the same quarter last year was tobacco. At 151, the industrial production index for tobacco was 42.5 percent higher than a year ago.

Other industries showing significant growth in production were machinery, whose index went up by 26.1 percent, newspaper and other printing soared 24.5 percent, electrical and electronic parts gained by 21.5 percent and paper and paper products were up 20.3 percent.

Macao

Mainland China To Finance Bulk of New Airport
HK1411005788 Hong Kong SOUTH CHINA MORNING POST in English 14 Nov 88 p 3

[By Tad Stoner]

[Text] Macao's Undersecretary for Special Projects has released some details of the financing arrangements for the enclave's new \$3.4 billion international airport.

Mr Luis Vasconcelos said Chinese interests would provide a significant amount of the finance for the scheme.

"This airport will be built by a private, franchised company, with the government as one partner," he said.

"Portuguese law says we can only have a company with at least 10 shareholders, and I am negotiating now with others."

However, he said that the China Union Industrial Corporation, which includes the Nam Kwong Group, China Everbright and the Nam Yue Group, had already joined the partnership.

Shareholders will provide between 20 and 50 per cent of the finance, but the undersecretary declined to identify other partners and would only say the banks from which loans were being sought were "working in Macao."

Final shareholding details will be announced within six weeks.

In mid-December, West Germany's Frankfurt Airport Group will submit a master plan.

"As soon as we get the master plan, we will start to prepare the works, but we have several alternatives, and some final decisions to take that could change things," said Mr Vasconcelos.

"We expect traffic will increase rapidly, going from zero to one million very quickly, and reaching six million in 10 years."

Initially, the airport will be built to handle three million passengers a year, and tenders for reclamation for the first 120 hectares will be invited in January.

Reclamation for the entire 3,000-metre north-south runway and parallel taxiway; terminal complex for cargo, passengers and aircraft parking; and a 600-metre east-west linking taxiway between the Taipa Island-anchored apron and the landing strip one-half kilometre offshore, will cost \$2.6 billion.

Mr Vasconcelos said plans to replace Kai Tak would be unaffected by Macao's airport because of the sheer size of Hong Kong's plan to accommodate 25 million, possibly 30 million, annual arrivals in the coming decade.

Mr Vasconcelos said he was talking to a number of airlines about using Macao but no decisions had been made.

"Perhaps it will be those that can't fly into Hong Kong, but as the airport will take a couple of years to build, we have time. We'll get them."

He said neither the construction nor aircraft noise would interfere with Taipa's largely undeveloped environment.

However, he said a wholesale upgrade of the enclave's transport and tourism infrastructure was required, particularly with the proposed relief of urban crowding by construction of a new town to accommodate 100,000 people near the airport.

"Hotels and road need to be upgraded, the new bridge will be started next year and the ferry pier will be expanded, but it's not because of the airport.

"It's because Macao is growing."

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